

KATHARINE LADY BERKELEY'S SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31ST AUGUST 2012

**Company Registration Number :
07696921 (England and Wales)**

KATHARINE LADY BERKELEY'S SCHOOL

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for the Period Ended 31st August 2012

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KATHARINE LADY BERKELEY'S SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees)	<p>Mrs G Hayward – Chair, Co-opted Governor (appointed 07.07.2011)</p> <p>Mr A Harris – Head teacher (appointed 07.07.2011)</p> <p>Mr T Andrews - Staff Governor (appointed 14.09.2011)</p> <p>Mrs L Price - Staff Governor (appointed 07.07.2011)</p> <p>Mrs L Chase – Foundation Governor (appointed 07.07.2011)</p> <p>Mrs M Clarke – Foundation Governor (appointed 07.07.2011)</p> <p>Dr J Cordwell – Foundation Governor (appointed 07.07.2011)</p> <p>Miss A Dixon – Foundation Governor (appointed 07.07.2011)</p> <p>Mr V Jotcham – Foundation Governor (appointed 07.07.2011)</p> <p>Mrs J Kendall – Foundation Governor (appointed 07.07.2011)</p> <p>Ms R Robinson – Parent Governor (appointed 19.09.2012)</p> <p>Mr M Valentine – Parent Governor (appointed 07.07.2011)</p> <p>Mr C Sanders – Parent Governor (appointed 07.07.2011)</p> <p>Mr S Harding – Parent Governor (appointed 19.01.2012)</p> <p>Mr M Challis – Co-opted Governor (appointed 07.07.2011)</p> <p>Mr G Robson – Co-opted Governor (appointed 01.01.2012)</p> <p>Mrs K Pace (appointed 07.07.2011, resigned 31.07.2012)</p>
Company Secretary	<p>Mr S Blackshaw (appointed 10.10.2012)</p> <p>Mrs D Pavey (appointed 07.07.2011, resigned 10.10.2012)</p>
Senior Management Team	<p>Mr A Harris – Head teacher</p> <p>Miss H Khan – Deputy Head teacher</p> <p>Mr C Mann – Deputy Head teacher</p> <p>Mr R Warren – Assistant Head teacher</p> <p>Mrs J Whalley - Assistant Head teacher</p> <p>Mr S Blackshaw – Finance & Business Director</p>
Principal and Registered Office	<p>Kingswood Road Wotton-Under-Edge Gloucestershire GL12 8RB</p>
Company Registration Number	07696921 (England and Wales)
Statutory Auditor	<p>Davies Mayers Barnett LLP Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS</p>
Bankers	<p>Lloyds TSB Plc 12 Rowcroft Stroud Gloucestershire GL5 3BD</p>
Solicitors	<p>Rickerbys LLP Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD</p>

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31st August 2012.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

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

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

Katharine Lady Berkeley's School has Governors Liability insurance with Zurich Municipal until the current policy expiry on 30th July 2013.

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.

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Method of Recruitment and Appointment or Election of Governors

Eligibility to act as a Governor of Katharine Lady Berkeley's School is described in paragraphs 45 to 81 of the Articles of Association.

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

Policies and Procedures Adopted for the Induction and Training of Governors

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

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

Governors

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

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

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

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

- Teaching and Learning
- Management (Finance and Premises)
- Healthy School (Pastoral and Safeguarding)
- Staffing

Each committee reports to the full Governing Body.

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

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

Organisational Structure

On a day-to-day basis the operational running of the Academy has been delegated to the Head teacher. The Head teacher is able to delegate the day to day running of the school to the deputy Head teachers. The Head teacher acts as the Accounting Officer. The Head teacher has 5 additional members of staff on the Senior Management Team.

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Risk Management

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

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

The key controls used by the Academy include:

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

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

Connected Organisations, Including Related Party Relationships

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

During the Academic Year 2011/12, the Head teacher was Chair of Gloucestershire Association of Secondary Headteachers. He is also a secondary Headteacher representative on the Gloucestershire Schools Forum.

Katharine Lady Berkeley's School continues to work with SSAT (The Schools Network). This work includes acting as a Confucius Hub School in order to support partner schools in developing Chinese Language Education.

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
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OBJECTIVES AND ACTIVITIES - continued

Objectives, Strategies and Activities

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

Public Benefit

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

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

ACHIEVEMENTS AND PERFORMANCE

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

GCSE% achieving 5 or more grades A* to C 72%
 % entries resulting in grades A/A*38%
 % achieving the English Baccalaureate 33%
 % achieving the expected progress in English 77%
 % achieving the expected progress in mathematics 80%

A level% entries resulting in grades A*/A/B 66%
 Average points score per entry 225.3
 Average points score per candidate 893.0

KATHARINE LADY BERKELEY'S SCHOOL
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FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

ACHIEVEMENTS AND PERFORMANCE - continued

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

SCHOOL IMPROVEMENT PLAN 2011/12

The following plan covers the period from 1st April 2011 to 31st August 2012. The current plan overlaps with the plan below and covers the period from 1st May 2012 to 31st August 2013.

Curriculum and achievement

1. To continue work to raise overall attainment across the ability range. This will include raising the levels of achievement (progress) of less able pupils to match those of the most able.
2. To continue work to develop assessment procedures in order to inform and support pupil progress in the classroom. This will include reconsideration of the target setting process, pupils understanding their targets and what they need to do to improve their work in order to reach those targets.
3. To further develop the collation, analysis, effective use and reporting of pupil performance data. This to be supported by the continuing implementation, development and effective use of appropriate ICT.
4. To maintain, as far as possible, those aspects of supporting pupils with SEN which have been developed through the Achievement for All pilot to improve the outcomes for those pupils.

Languages

5. To maintain the school's languages specialism including a diversity of languages, support for languages in local primary schools and the international dimension of the curriculum.

Healthy School

6. To develop work to promote community cohesion with an emphasis on multi-cultural Britain
7. To develop the monitoring and reporting of the school's single equality scheme as updated in response to the 2010 Equality Act.

Staffing

8. To ensure that continuous Professional Development is efficiently targeted to support whole school and subject based development aims.
9. To improve communication throughout the school including reconsideration of morning briefing, meeting structures, electronic and paper based communication.

Management

10. To control expenditure in order to set and achieve a balanced budget in both the short and longer term.
11. To maintain and develop self-evaluation procedures in light of the removal of the requirement to complete the OFSTED SEF. The existing SEF to be the framework for collating our self-evaluation information with a greater focus on identifying the next steps required to achieve and maintain improvement in light of the outcomes of self-evaluation.
12. To make an informed decision on academy status and progress accordingly.

KATHARINE LADY BERKELEY'S SCHOOL
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(continued)

ACHIEVEMENTS AND PERFORMANCE - continued

Numbers on roll

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

2011/12	1521
2010/11	1533
2009/10	1508
2008/09	1500
2007/08	1508

Attendance

For terms 1 to 4 during 2011/12, 1229 pupils of compulsory school age were on roll for at least one session. 4.3% of sessions were missed through authorised absence and 0.6% through unauthorised absence.

Staffing

For 2011/12, the teacher staffing establishment was 89.2 full time equivalents. The non-teaching staff establishment was 46.2 full time equivalents.

Going Concern

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

Key Financial Performance Indicators

The overall balance (revenue and capital) on conversion was £60,105. At the end of the period, this amounted to £325,541 (excluding fixed assets and the Pension scheme liability). The increase in the revenue balance was achieved through reduced staffing costs following a review in Spring 2011 which was implemented as from September 2011. This reduced staffing costs from 83% of revenue expenditure to 78%, achieved by efficiency savings in both teaching and non-teaching staff. While the LACSEG grant exceeded the costs of the relevant services that the academy had to procure, the additional benefit was largely allocated to correcting a deficit on the previous maintained school's capital account and resolving asbestos and fixed wiring health and safety issues in the academy.

The number on roll used as the basis for our grant income in this period was 1527. As reported in the Financial Review below, this will reduce over the next 4 years. However, as this reduction can be predicted, we will be able to alter our expenditure accordingly in order to avoid financial risk. We are also aware that post 16 funding will reduce by 3% per annum per learner over the next 3 years. Again, as this is known in advance, we are able to manage our expenditure through minimum group sizes and numbers of teaching groups in order to maintain spending which is within the constraints of our income.

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
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FINANCIAL REVIEW

Financial Report for the Period

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31st August 2012 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 2011/12, 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 2012 the net book value of fixed assets was £31,964,178 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Pupil numbers are expected to reduce over the next 3 or 4 years due to the demographic changes in this area. We expect the number of pupils in Years 7 to 11 to fall from around 1250 to 1125 in September 2015. The number of post 16 students is expected to remain at around 280 during this period. The January 2012 census showed 1507 on roll which is an increase from 1527 at the census of January 2011. Whilst this reduction will result in a corresponding reduction in income, the predictable nature of this change will enable us to manage our expenditure pattern accordingly and therefore minimise any financial risk. The other factor which will reduce grant funding is the impact of national spending cuts and/or redirecting funding into the pupil premium which, for example, may have an adverse effect on grant funding.

Financial and Risk Management Objectives and Policies

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

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

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

Principal risks and uncertainties

The Governors have assessed the major risks to which the Academy is exposed and identified and implemented strategies for addressing these risks. Significant risks and the measures in place to reduce these risks have been formally documented in the Academy's Risk Register, which is subject to continuing review. The Governors have also completed an assessment of internal control for the Education Funding Agency (EFA) which enabled the risk assessment process. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Governors have an effective system of internal financial controls and this is explained in more detail on pages 13-15.

Reserves Policy

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

Reserves held are those unrestricted funds which provide:

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

In line with EFA guidelines, the maximum level of reserves at the end of the year will be 12% of the GAG (General Annual Grant) income of which 2% can be spent on non-capital items. The Academy will aim to maintain reserves at the overall level of 5% of the GAG income.

Investment Policy

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

PLANS FOR FUTURE PERIODS

The Academy will continue to strive for the best possible achievement for all groups of pupils and students. Realistic but challenging targets are set for individual pupils, subject departments and the whole school. Specific focuses for 2012/13 are as follows:

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
REPORT OF THE GOVERNORS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Governors are aware:

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

Approved by order of the members of the Governing Body on 12th December 2012 and signed on its behalf by:

.....
Mrs G Hayward
Chair

KATHARINE LADY BERKELEY'S SCHOOL**GOVERNANCE STATEMENT****FOR THE PERIOD ENDED 31ST AUGUST 2012****SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Head teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Katharine Lady Berkeley's School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

<u>Governor</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
Mrs G Hayward (Chair)	5	5
Mr T Andrews	4	5
Mr M Challis	5	5
Mrs L Chase	5	5
Mrs M Clarke	4	5
Dr J Cordwell	4	5
Miss A Dixon	4	5
Mr S Harding	3	3
Mr A Harris	5	5
Mr V Jotcham	5	5
Mrs J Kendall	4	5
Mrs K Pace	5	5
Mrs L Price	3	5
Mr G Robson	3	3
Mr C Sanders	4	5
Mr M Valentine	5	5
Ms R Robinson	0	0

Mr T Andrews, Mr S Harding, Ms R Robinson and Mr G Robson joined the Governing Body during the year.

Ms R Robinson was appointed after the balance sheet date and therefore was not required to attend any of the meetings of the Governing Body noted above.

KATHARINE LADY BERKELEY'S SCHOOL**GOVERNANCE STATEMENT****FOR THE PERIOD ENDED 31ST AUGUST 2012****(continued)****GOVERNANCE - continued**

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

Attendance at meetings in the year was as follows:-

<u>Governor</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
Mrs G Hayward (Chair)	5	5
Mr M Clarke	5	5
Dr J Cordwell	3	5
Miss A Dixon	3	5
Mr A Harris	5	5
Mr V Jotcham	5	5
Mrs J Kendall	4	5

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Katharine Lady Berkeley's School for the period ended 31st August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

KATHARINE LADY BERKELEY'S SCHOOL**GOVERNANCE STATEMENT****FOR THE PERIOD ENDED 31ST AUGUST 2012****(continued)****THE RISK AND CONTROL FRAMEWORK**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed G Robson (a Co-opted Governor), as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis (at least), the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

We confirm that the RO function has been delivered in line with the EFA's requirements. There have been no material control issues arising from the RO reports thus far.

Review of Effectiveness

As Accounting Officer, the Head teacher 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 auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 12th December 2012 and signed on its behalf by:

.....
Mrs G Hayward
Chair

.....
A Harris
Accounting Officer

KATHARINE LADY BERKELEY'S SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31ST AUGUST 2012

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

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

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

.....
A Harris
Accounting Officer

KATHARINE LADY BERKELEY'S SCHOOL**STATEMENT OF GOVERNORS' RESPONSIBILITIES****FOR THE PERIOD ENDED 31ST AUGUST 2012**

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

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

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

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

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

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

Approved by order of the members of the Governing Body on 12th December 2012 and signed on its behalf by:

.....
Mrs G Hayward
Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KATHARINE LADY BERKELEY'S SCHOOL
FOR THE PERIOD ENDED 31ST AUGUST 2012

We have audited the financial statements of Katharine Lady Berkeley's School for the period ended 31st August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities (set out on page 17), the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31st August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

KATHARINE LADY BERKELEY'S SCHOOL

FOR THE PERIOD ENDED 31ST AUGUST 2012

(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

12th December 2012

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
KATHARINE LADY BERKELEY'S SCHOOL AND THE EDUCATION FUNDING AGENCY
FOR THE PERIOD ENDED 31ST AUGUST 2012

In accordance with the terms of our engagement letter dated 5th November 2012 and further to the requirements of the EFA as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by Katharine Lady Berkeley's School during the period 1st August 2011 to 31st August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of Katharine Lady Berkeley's School Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Katharine Lady Berkeley's School funding agreement with the Secretary of State dated 1st August 2011 and the Academies Financial Handbook as published by DfE in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
KATHARINE LADY BERKELEY'S SCHOOL AND THE EDUCATION FUNDING AGENCY
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

Approach (continued)

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

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 period since conversion; and
- a general review and discussion of the Academy's internal processes for establishing systems of control and documentation regarding these matters.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st August 2011 to 31st August 2012 has 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

12th December 2012

KATHARINE LADY BERKELEY'S SCHOOL**STATEMENT OF FINANCIAL ACTIVITIES****FOR THE PERIOD ENDED 31ST AUGUST 2012****(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

		Restricted		Period Ended	
	Unrestricted	General	Fixed Asset	2012	
Notes	£	£	£	Total	
				£	
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	3	11,392	548,310	103,610	663,312
Transfer from Local Authority on conversion	29	70,791	-	32,678,697	32,749,488
Activities for generating funds	4	41,265	-	-	41,265
Investment income	5	409	-	-	409
Incoming resources from charitable activities					
Funding for the Academy Trust's educational operations	6	178,636	7,724,352	-	7,902,988
TOTAL INCOMING RESOURCES		302,493	8,272,662	32,782,307	41,357,462
RESOURCES EXPENDED					
Cost of generating funds					
Costs of generating voluntary income	7	(11,182)	(452,512)	-	(463,694)
Costs of generating funds	7	(41,265)	-	-	(41,265)
Charitable activities					
Academy Trust's educational operations	8	(179,403)	(7,388,513)	(902,596)	(8,470,512)
Governance costs					
	9	-	(43,586)	-	(43,586)
Other resources expended					
Transfer from Local Authority on conversion	29	-	(1,342,000)	(10,686)	(1,352,686)
TOTAL RESOURCES EXPENDED		(231,850)	(9,226,611)	(913,282)	(10,371,743)
Net incoming/(outgoing) resources before transfers		70,643	(953,949)	31,869,025	30,985,719
Gross transfers between funds	17	-	(115,002)	115,002	-
Net income/(expenditure) for the period		70,643	(1,068,951)	31,984,027	30,985,719
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	17,27	-	(120,000)	-	(120,000)
NET MOVEMENT OF FUNDS		70,643	(1,188,951)	31,984,027	30,865,719
Reconciliation of funds					
Funds brought forward at 1st August 2011	17	-	-	-	-
Funds carried forward at 31st August 2012		70,643	(1,188,951)	31,984,027	30,865,719

All of the Academy's activities derive from acquisitions in the current financial period. The movement on funds is shown in note 17 to the accounts.

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

The notes on pages 25 to 45 form part of these accounts.

KATHARINE LADY BERKELEY'S SCHOOL**COMPANY NUMBER : 07696921****BALANCE SHEET****AT 31ST AUGUST 2012**

		<u>2012</u>	
	<u>Notes</u>	<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	13		31,964,178
CURRENT ASSETS			
Stock	14	43,657	
Debtors	15	162,101	
Cash at bank and in hand		<u>409,387</u>	
			615,145
CURRENT LIABILITIES			
Creditors : Amounts falling due within one year	16	<u>(289,604)</u>	
			<u>(289,604)</u>
NET CURRENT ASSETS			<u>325,541</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,289,719
NET ASSETS EXCLUDING PENSION LIABILITY			32,289,719
Pension scheme liability	27		(1,424,000)
NET ASSETS INCLUDING PENSION LIABILITY			<u>30,865,719</u>
FUNDS OF THE ACADEMY TRUST			
Restricted Funds			
Fixed asset fund	18		31,984,027
General fund	18		235,049
Pension reserve	18		<u>(1,424,000)</u>
TOTAL RESTRICTED FUNDS			<u>30,795,076</u>
UNRESTRICTED FUNDS			
General fund	18		<u>70,643</u>
TOTAL UNRESTRICTED FUNDS			<u>70,643</u>
TOTAL FUNDS			<u>30,865,719</u>

The financial statements on pages 22 to 45 were approved by the Governors, and authorised for issue on 12th December 2012 and are signed on their behalf by:-

.....
Mrs G Hayward - Chair

KATHARINE LADY BERKELEY'S SCHOOL
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31ST AUGUST 2012

	<u>Notes</u>	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	374,463
Returns on investments and servicing of finance	22	409
Capital expenditure	23	(84,466)
Cash transferred on conversion to an Academy Trust		<u>118,981</u>
Increase in cash in the period	24	<u>409,387</u>
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Net funds at 1st August 2011		<u>-</u>
Net funds at 31st August 2012		<u>409,387</u>

All of the cash flows are derived from acquisitions in the current financial period.

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

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

Going Concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. On review, the Governors have concluded they are happy to adopt the going concern basis in preparing the annual financial statements.

Incoming Resources

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

Grants receivable

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

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

Other income

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

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Incoming Resources - continued

Donated services and gifts in kind

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

Resources Expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are exclusive of recoverable VAT.

Long Leasehold Buildings

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

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from Katharine Lady Berkeley's School to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Katharine Lady Berkeley's School. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in voluntary income and other resources expended in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 29.

Tangible Fixed Assets

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

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

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

Leasehold property	2%
Leasehold Improvements	4%
Fixtures and fittings	10-20%
Computer equipment	25%

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Leased Assets

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

Stock

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

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Fund Accounting

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

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

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

2.	GENERAL ANNUAL GRANT (GAG)	2012
		£
	a.Results and Carry Forward for the Period	
	GAG brought forward from previous year	-
	GAG allocation for current period	<u>7,421,671</u>
	Total GAG available to spend	7,421,671
	Recurrent expenditure from GAG	(7,161,729)
	Fixed assets purchased from GAG	<u>(115,002)</u>
	GAG carried forward to next year	144,940
	Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	<u>(890,601)</u>
	GAG to surrender to DfE (12% rule breached if result is positive)	<u>(745,661)</u>
		<u>(no breach)</u>

3. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted General Funds £	Total 2012 £
Capital grants	-	103,610	103,610
School funds	-	544,612	544,612
Other donations	<u>11,392</u>	<u>3,698</u>	<u>15,090</u>
	<u>11,392</u>	<u>651,920</u>	<u>663,312</u>

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Hire of facilities	12,000	-	12,000
Other income	29,265	-	29,265
	<u>41,265</u>	<u>-</u>	<u>41,265</u>

5. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Short term deposits	409	-	409
	<u>409</u>	<u>-</u>	<u>409</u>

6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
DfE/EFA revenue grants			
General Annual Grant (GAG) (note 2)	-	7,421,671	7,421,671
Start up grants	-	25,000	25,000
Other DfE/EFA grants	-	39,586	39,586
	<u>-</u>	<u>7,486,257</u>	<u>7,486,257</u>
Other Government grants			
Local authority grants	-	166,819	166,819
Special educational projects	-	-	-
	<u>-</u>	<u>166,819</u>	<u>166,819</u>
Other income			
Catering services	178,636	-	178,636
Teaching services	-	71,276	71,276
	<u>178,636</u>	<u>71,276</u>	<u>249,912</u>
	<u>178,636</u>	<u>7,724,352</u>	<u>7,902,988</u>

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

7. RESOURCES EXPENDED

	Staff Costs £	Non-Pay Expenditure		Total 2012 £
		Premises £	Other costs £	
Costs of generating voluntary income	-	-	463,694	463,694
Costs of activities for generating funds	-	12,000	29,265	41,265
Academy's education operations:				
Direct costs	5,290,143	-	495,547	5,785,690
Allocated support costs	735,035	1,515,088	434,699	2,684,822
	<u>6,025,178</u>	<u>1,515,088</u>	<u>930,246</u>	<u>8,470,512</u>
Governance costs including allocated support costs	16,733	-	26,853	43,586
	<u>6,041,911</u>	<u>1,527,088</u>	<u>1,450,058</u>	<u>9,019,057</u>
				Total 2012 £

Incoming/ Outgoing resources for the period include:-

Operating leases	10,264
Depreciation - owned assets	204,893
Depreciation - lease assets	697,703
Fees payable to auditor:	12,200
Audit of financial statements	12,200

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

8. CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted General Funds £	Total 2012 £
DIRECT COSTS			
Teaching and educational support staff costs	-	5,290,143	5,290,143
Educational supplies and services	-	261,817	261,817
Examination fees	-	141,747	141,747
Staff development	-	24,840	24,840
Educational consultancy	-	62,981	62,981
Other direct costs	-	4,162	4,162
	-	5,785,690	5,785,690
ALLOCATED SUPPORT COSTS			
Recruitment and support	-	12,941	12,941
Support staff costs	95,644	495,371	591,015
Depreciation	-	902,596	902,596
Maintenance of premises and equipment	-	479,458	479,458
General administration and reception	-	144,020	144,020
Cleaning	-	16,027	16,027
Rent and rates	-	24,329	24,329
Insurance	-	71,802	71,802
Security and transport	-	54,754	54,754
Catering	83,759	-	83,759
Bank interest and charges	-	-	-
Other support costs	-	304,121	304,121
	179,403	2,505,419	2,684,822
	179,403	8,291,109	8,470,512

9. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted General Funds £	Total 2012 £
Legal and professional fees	-	13,689	13,689
Auditor's remuneration:-			
Audit of financial statements	-	12,200	12,200
Other services	-	964	964
Support costs	-	16,733	16,733
Governors' reimbursed expenses	-	-	-
	-	43,586	43,586

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10. STAFF COSTS

Staff costs during the period were:

	2012
	£
Wages and salaries	4,850,259
Social security costs	372,321
Pension costs	744,368
Supply teacher costs	112,964
	6,079,912

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

	2012
	No.
Charitable Activities	
Teachers	84
Administration and support	51
	135

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

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

	2012
	No.
£60,001 - £70,000	2
£90,001 - £100,000	1
	3

The above employees participated in the Teachers' Pension Scheme. During the period ended 31st August 2012 pension contributions for these staff amounted to £27,165.

11. GOVERNORS' REMUNERATION AND EXPENSES

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

A Harris – Head teacher	£115,001 - £120,000
T Andrews	£50,001 - £55,000
L Price	£45,001 - £50,000

During the period ended 31st August 2012, no travel and subsistence expenses were reimbursed to Governors.

Where other related party transactions arise involving the Governors these are set out in note 28.

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12. GOVERNORS' AND OFFICERS' INSURANCE

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

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

13. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Leasehold Improvements £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost					
Additions	1,655	89,529	18,672	78,220	188,076
Transfer on conversion	32,200,000	-	277,988	200,710	32,678,698
At 31st August 2012	32,201,655	89,529	296,660	278,930	32,866,774
Depreciation					
Charged in period	697,703	3,723	80,932	120,238	902,596
At 31st August 2012	697,703	3,723	80,932	120,238	902,596
Net book value					
At 31st August 2012	31,503,952	85,806	215,728	158,692	31,964,178

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

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

14. STOCK

	2012
	£
Clothing	39,960
Catering	3,697
	43,657

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST AUGUST 2012
(continued)

15. DEBTORS

	2012
	£
Amounts falling due within one year:	
Other debtors	126,073
Prepayments and accrued income	36,028
	162,101

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012
	£
Trade creditors	142,385
Accruals and deferred income	147,219
	289,604

Deferred Income

Income received during the period ended 31st August 2012 specific to funding for future periods has been deferred accordingly.

17. FUNDS

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

	Balance at 01.08.11	Incoming Resources	Resources Expended	Gains, losses & transfers	Balance at 31.08.12
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	-	7,421,671	(8,465,729)	1,188,998	144,940
Start up Grant	-	25,000	(25,000)	-	-
Other DfE/EFA Grants	-	39,586	(39,586)	-	-
Other Government Grants	-	166,819	(144,460)	-	22,359
School Fund Account	-	544,612	(496,169)	-	48,443
Other donations	-	74,974	(55,667)	-	19,307
Pension reserve	-	-	-	(1,424,000)	(1,424,000)
		- 8,272,662	(9,226,611)	(235,002)	(1,188,951)

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(continued)

17. FUNDS – continued

	Balance at 01.08.11 £	Incoming Resources £	Resources Expended £	Gains, losses & transfers £	Balance at 31.08.12 £
Restricted fixed asset funds					
DfE/EFA capital grants	-	103,610	(3,723)	-	99,887
Predecessor school transfer	-	32,678,697	(895,268)	-	31,783,429
Capital expenditure from GAG	-	-	(14,291)	115,002	100,711
	-	32,782,307	(913,282)	115,002	31,984,027
Total restricted funds	-	41,054,969	(10,139,893)	(120,000)	30,795,076
Unrestricted funds					
Unrestricted funds	-	302,493	(231,850)	-	70,643
Total unrestricted funds	-	302,493	(231,850)	-	70,643
Total Funds	-	41,357,462	(10,371,743)	(120,000)	30,865,719

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

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

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31st August 2012 are represented by:-

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	31,964,178	31,964,178
Current assets	70,643	494,868	49,634	615,145
Current liabilities	-	(259,819)	(29,785)	(289,604)
Pension scheme liability	-	(1,424,000)	-	(1,424,000)
Total net assets	70,643	(1,188,951)	31,984,027	30,865,719

19. CAPITAL COMMITMENTS

As at 31st August 2012, the Academy had capital commitments of £Nil.

20. FINANCIAL COMMITMENTS

Operating leases

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

	2012
	£
Other	
Expiring within two and five years inclusive	<u>10,264</u>

21. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012
	£
Net income	30,985,719
Depreciation (note 13)	902,596
Capital grants from DfE and other capital income	(103,610)
Transfers on conversion (note 29)	(31,396,802)
Interest receivable (note 5)	(409)
FRS17 pension cost less contribution payable (note 27)	(104,000)
FRS17 pension finance costs (note 27)	66,000
Increase in stock	(43,657)
Decrease in debtors	195,300
Decrease in creditors	(126,674)
Net cash inflow from operating activities	<u>374,463</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22.	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		2012
			£
	Interest received		<u>409</u>
	Net cash inflow from returns on investment and servicing of finance		<u>409</u>
23.	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		2012
			£
	Purchase of tangible fixed assets		(188,076)
	Capital grants from DfE and other capital income		<u>103,610</u>
	Net cash outflow from capital expenditure and financial investment		<u>(84,466)</u>
24.	ANALYSIS OF CHANGES IN NET FUNDS		
		At 1st August 2011	Cash Flows
		£	£
	Cash in hand and at bank	<u>-</u>	<u>409,387</u>
		<u>-</u>	<u>409,387</u>
25.	CONTINGENT LIABILITIES		

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
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26. MEMBERS' LIABILITY

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

27. PENSION AND SIMILAR OBLIGATIONS

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

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

Costs incurred in the period relating to TPS were £514,372 and relating to LGPS were £229,996.

Contributions amounting to £Nil were payable to the schemes at 31st August 2012 and are included within creditors.

Teachers' Pension Scheme

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

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
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(continued)

27. PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme – continued

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

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27. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the Balance Sheet date.

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period 1st August 2011 to 31st August 2012 was £284,662, of which employer's contributions totalled £229,996 and employees' contributions totalled £54,666. The agreed contribution rates for future years are 29.6% for employers and for employees they will vary dependent on salary banding but between 5.5% and 7.5%.

Initial Funding Position of the New Scheduled Body

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

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

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

Employer Contributions

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

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

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

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(continued)

27. PENSION AND SIMILAR OBLIGATIONS (continued)

Principal Actuarial Assumptions	At 31st August 2012
Rate of increase in salaries	4.0%
Rate of increase for pensions in payment/inflation	2.2%
Discount rate for scheme liabilities	4.1%
Inflation assumption (CPI)	2.1%
Commutation of pensions to lump sum	50.0%

Sensitivity Analysis

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

Change in assumptions at period ended 31st August 2012	Approximate increase to employer liability %	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10	229
1 year increase in member life expectancy	3	69
0.5% increase in the Salary Increase Rate	3	67
0.5% increase in the Pension Increase Rate	7	160

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

	At 31st August 2012
Retiring today	
Males	21.7
Females	23.6
Retiring in 20 years	
Males	23.5
Females	25.8

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27. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	Expected Return at 31st August 2012 %	Fair Value at 31st August 2012 £'000
Equities	5.5	569
Government Bonds	3.3	240
Property	3.7	53
Cash/liquidity	2.8	27
Total market value of assets		889
Present value of scheme liabilities:		
Funded		<u>(2,313)</u>
Deficit in the scheme		<u>(1,424)</u>

The expected return on assets is based on the long term future expected investment for each asset class described above as at the beginning of the period.

The actual return on scheme assets was £24,000.

Amounts recognised in the Statement of Financial Activities

	2012 £'000
Current service cost (net of employee contributions)	163
Past service cost	<u>4</u>
Total operating charge	<u>167</u>
Analysis of pension finance costs/ (income)	
	2012 £'000
Expected return on pension scheme assets	(47)
Interest on pension liabilities	<u>113</u>
Pension finance costs	<u>66</u>

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £120,000 loss.

KATHARINE LADY BERKELEY'S SCHOOL
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27. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2012
	£'000
At 1st August 2011	1,884
Current service cost	163
Interest cost	113
Employee contributions	51
Actuarial (gain)/loss	98
Past Service cost	4
Curtailments and settlements	-
	-
At 31st August 2012	2,313

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

	2012
	£'000
At 1st August 2011	542
Expected return on assets	47
Actuarial gain/(loss)	(22)
Employer contributions	271
Employee contributions	51
Benefits paid	-
	-
At 31st August 2012	889

The estimated value of employer contributions for the year ended 31st August 2013 is £214,000.

The history of experience adjustments is as follows:-

	2012
	£'000
Present value of defined benefit obligations	(2,313)
Fair value of share of scheme assets	889
	-
Deficit in the scheme	(1,424)
Experience adjustments on share of scheme assets	
Amount £'000	(22)
Experience adjustments on scheme liabilities	
Amount £'000	-

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28. RELATED PARTY TRANSACTIONS

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

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

29. CONVERSION TO AN ACADEMY TRUST

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

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

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

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

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