

**JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)**

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

MONDAY



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29/12/2014
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JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its trustees and advisers	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 18
Statement on regularity, propriety and compliance	19
Trustees' responsibilities statement	20
Independent auditors' report	21 - 22
Independent reporting accountant's assurance report on regularity	23 - 24
Statement of financial activities	25 - 26
Balance sheet	27
Cash flow statement	28
Notes to the financial statements	29 - 46

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2014**

Members and Trustees

Karen Frost, Chair¹
Rodney Barker, Vice Chair¹
Ben Abbott, Teaching
Sean Humby, Parent, Chair Enhanced Networks
Neil Pascoe, Community, Chair Curriculum¹
Rick Stevenson, Parent, Chair Finance¹
Colin Parry, Community, Chair Personnel
Ruth Bailey, Parent (Appointed 1st October 2013, Resigned 3rd April 2014)
Christopher Bartrum, LA (Councillor)
Mark Button, Parent (Appointed 1st September 2013)
Jason Harris, Parent¹
Diane Hudson, Community¹
Stacey Kinloch, Teacher
Hayley Knapper, Support Staff
Kate Nicholls, Support Staff
Jon Sanger, Parent¹
Debbie Stock, Parent¹
Nigel Griffiths, Headteacher/Accounting Officer¹
Helen Lindley, Community (Appointed 11th October 2013)
Sally Dixon, Parent (Appointed 1st May 2014)
Belinda Macintosh, Parent (Appointed 1st April 2014)

¹ Members of the Finance Committee

Company secretary

Wrigleys Solicitors LLP

Senior management team

Nigel Griffiths, Headteacher
Dave Boyd, Deputy Headteacher
Mark Burton, Deputy Headteacher
Dave Bell, Assistant Headteacher
Trixie Clarke (neè Williams), Assistant Headteacher
Mark Croad, Assistant Headteacher
Kristian Phillips, Assistant Headteacher
Rob Wallace, Assistant Headteacher
Michelle Arm, Assistant Headteacher
Debbie Berry, Associate Headteacher
John Docherty, Director of Finance/Business Manager

This team directs the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. They are also responsible for the day-to-day operation of the Academy.

Principal and registered office

Ledbury Road
Ross on Wye
Herefordshire
HR9 7ET

Company registered number

07465249 (England and Wales)

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2014

Administrative details (continued)

Statutory auditors

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

Bankers

HSBC
32 Gloucester Road
Ross-on-Wye
Herefordshire
HR9 5LF

Solicitors

Mr Tim Wrigley
Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

Internal Auditor

Mrs Kay Tandy
HCSS Education
Sycamore House
Tytherington Business Park
Springwood Way
Macclesfield, SK10 2XA

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2014

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31st August 2014.

Principal Activities

The purposes of the Academy are those set out in the Memorandum of Association and the Funding Agreement.

The Trustees ensure the school operates as a state funded, mixed, independent school for students aged 11-18 of all abilities drawing mainly from the area in which it is situated.

Develop a school offering a broad and balanced curriculum (Memorandum of Association).

The curriculum to have an emphasis on Technology, Modern Foreign Languages and Applied Learning (Funding Agreement).

The school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community (Funding Agreement).

Structure, governance and management

Constitution

The Academy was incorporated on 9th December 2010 and commenced as an Academy Trust from 1st January 2011.

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

The Trustees act for the Charitable activities of John Kyrle High School & Sixth Form Centre and are also the directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as John Kyrle High School and Sixth Form Centre.

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

Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, £10 for the debts and liabilities contracted before they cease to be a member.

Trustees' indemnities

John Kyrle High School and Sixth Form Centre have in force Trustees Liability insurance with Zurich Municipal until the current policy expiry on 31st December 2014.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Method of recruitment and appointment of Trustees

Eligibility to act as a Trustee of the John Kyrle High School and Sixth Form Centre is within the Constitutional Framework and Clauses 65-81 of the Articles of Association.

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

The school has taken out a Service Level Agreement with Gloucestershire Governor Services for training of Trustees.

Policies and procedures adopted for the induction and training of Trustees

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

Each new Trustee meets individually with the HT and is assigned a mentor from the Board of Trustees. Further induction training is provided via the SLA with Herefordshire Governors Association.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Organisational structure

A unified leadership structure operates to drive the Academy forward.

Trustees

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

The Trustees are responsible for setting strategic direction and general policy. They adopt an annual development plan and budget and monitor the development of the Academy through these. They make decisions about the future direction of the Academy, capital expenditure and, with the Senior Leadership Group (SLG), on staff appointments.

Committees monitor the effectiveness of the school in terms of:-

- Curriculum
- Finance
- Enhanced Networks (Community)
- Personnel

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

The school has secured the services of David Potter Associates, Educational Consultant, to act as its School Improvement Partner providing trustees with further objective evidence supporting or challenging the work of the SLG.

Trustees also receive a weekly Bulletin and all newsletter publications.

Connected organisations, including related party relationships

As part of our initial agreement to gain Academy Status, we worked formally with both John Masefield High School, Herefordshire in assisting them to successfully apply for the new status and later with Lady Hawkins High School, Herefordshire, who were also successful in their application. We have continued to work with both organisations during 2013/14 in an informal basis looking at aspects of School Improvement.

The Headteacher continues to be contracted by South Gloucestershire Local Authority and Wolverhampton Academy Trust, to work as a School Improvement Adviser across four High Schools and two 11-18 Academies. Also, during 2013/14 he was contracted by Walsall College in its role as Academy Sponsor to support the Mirus Academy who are in great difficulties with attainment measures.

During the academic year 2013/14, the Headteacher further developed his work as a National Leader for Education and the school also developed in its role as a National Support School within the framework of the National College. The Headteacher and three of the school's SLEs worked closely with an Academy in Wolverhampton which had fallen below the floor standard and had received a pre-warning notice from the DfE. In the early Autumn term of 2013, the Academy received a grading of Good for Leadership & Management. One of these SLEs assisted the Headteacher with another Academy who received a Good grading for Leadership in the Spring of 2013 and a letter of commendation from Sir Michael Wilshaw HMCI in September 2013.

John Kyrle High School & Sixth Form Centre became a Strategic Outpost Partner for the Wigmore Teaching School Federation, who were successful in their bid for Teaching School Status during the academic year 2013. It will be supporting the Teaching School in setting up a new Sixth Form.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Connected organisations, including related party relationships (continued)

All SLEs were engaged in outreach work during the year. The School Business Manager continued his work as Chair of Herefordshire SBM Association and worked alongside the Headteacher on both Schools' Forum and the Budget Working Party.

David Boyd – Curriculum Development
John Docherty – School Finance and Capital Developments
Rob Wallace – Post 16 Standards
Luke Moseley – Numeracy
Ben Abbot – Literacy and Drama

During the Spring term 2013, the Headteacher in his capacity as National Leader of Education was invited to join the new Herefordshire School Improvement Partnership Group. This will work with schools across the Authority in conjunction with the new regional Ofsted team. The Chair of Trustees became a National Leader of Governance during the academic year 2012/13. She worked with Regional Ofsted and a number of primary schools locally.

The Headteacher undertook final compulsory training as part of his preparation to become an Ofsted Inspector.

Students at the school are very keen to raise money for charities and each year designate a local, national and international charity to support. These have included a local special school; a local charity helping bereaved children; Macmillan nurses; Comic and Sports Relief and guide dogs for the blind.

Objectives and Activities

Objects and aims

The mission of John Kyrle High School & Sixth Form Centre is to develop as a centre of technological excellence in Herefordshire, embodying the best features of enterprise and sustainability. We aim to attract and educate young people and equip them with the technological skills to prosper as responsible citizens in the 21st Century.

We will:

- Realise the potential of every student through a broad, balanced and differentiated curriculum.
- Raise standards of achievement and teaching in English, Maths, Science, Technology, Modern Foreign Languages and Applied Learning for all students across the ability range.
- Improve student performance through enhanced use of technology. A technological culture will pervade throughout the organisation.
- Provide young people with the skills needed to progress to employment, further training or university entrance according to their individual abilities, aptitudes and ambitions.
- Promote an educational culture which is scientific, creative, enterprising and sustainable.
- Develop intellectual, aesthetic and critical faculties across the full range of learning experiences.

Following a review of the examination results in the summer of 2013 and a greater emphasis on the new Ofsted Framework, the school has increased its level of focus upon Ever-6 and/or more-able students. Record examination results, including a narrowing of the achievement gap and Ever-6 students' threshold results being greater than those achieved by non-disadvantaged students nationally, are testament to the school's success in this area.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Objectives, strategies and activities

Develop a school offering a broad and balanced curriculum (*Memorandum of Association*)

In September 2012 Ofsted reported that the curriculum supported students' good achievement and prepared them well for life in a diverse society.

The curriculum to have an emphasis on Technology, Modern Foreign Languages and Applied Learning (*Funding Agreement*)

Specialisms continue to underpin the raising of standards and contribute to students' experience within and outside the classroom. All specialism areas remain compulsory for an overwhelming majority of KS4 students.

The school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community (*Funding Agreement*)

The outward facing nature of the school is emphasised with school to school and community support:

- Formal links with primary schools utilising our Multi-Specialisms to assist them deliver their priorities.
- Headteacher acting as School Improvement Officer for four schools and three academies in 2013/14.
- The school led, in conjunction with a Headteacher from a partner primary school, a cross-phase working party looking at ways at which to address the achievement gap. The group was complemented by the involvement of the Local Authority.
- The Herefordshire School Improvement Group worked in close conjunction with Regional Ofsted and John Kyrle hosted the first full-day review of Pupil-Premium progress. The final report was very complimentary on the school's provision. Visits to two other high schools are planned for the academic year 14-15.

We continue to have over 500 learners per term into the Centre undertaking a range of courses including ones linked to our specialisms:

- ICT.
- French, German, Italian, Spanish.
- Digital photography.
- Applied Learning.

Achievements in relation to the Academy's aims and objectives during the academic year 2013/14 were excellent with the school achieving its best-ever examination performance at both GCSE and A Level. Indicators show this is demonstrably for the public benefit.

Metrics used to assess performance are almost exclusively quantitative with the school benchmarking its performance both locally and nationally. Evidence sources are objective and independent including DfE/Ofsted RAISEonline; ALPS (A Level Performance Scores); independent assessment from National College for Teaching Leadership and the Kirkland Rowell administered whole school Education Perception Monitor.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Public benefit

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

Strategic report

Achievements and performance

School Development Plan 2013/14

The school uses the Ofsted model as the framework for its SDP. In 2013/14 we focussed upon:

Attainment

Quality of Teaching

Behaviour and Safeguarding

Leadership & Management

The aim is to reach good/outstanding in relation to all of the above as measured by Ofsted criteria

The school set 9 Key Performance Indicators cross-referenced against these are:

- All teaching is typically Good or better
- Outstanding achievement
- Outstanding behaviour and safeguarding
- Outstanding leadership & management
- Outstanding Sixth Form
- Key Ofsted action points
- Financial planning integral to all systems
- Design digital-identity platform
- Close achievement gaps

Each department/year group took a number of these KPIs and developed them within the context of their area. They also formed Performance Management Targets for individuals.

Each KPI was the responsibility of a member of SLG who reported progress to the relevant Trust Committee who, in turn, RAG (Red Amber Green) rated each area on at least a termly basis. The majority of areas were graded green, with nothing red.

Each department and year is cascaded areas from this list upon which to focus. Individual Performance Management targets are then drawn from this.

The school utilises *Perspective* software for School Development Planning, Appraisal and Monitoring. There is a demonstrable link between key aspects of the school budget and the School Development Plan via Capitation and Special Bids.

A Level

Targets: 100% Pass rate and 50%-55% A*-B
Achieved: 99.75% Pass rate and 64% A*-B

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Achievements and performance (continued)

The school was in the upper decile for performance in value added for ALPS (A-Level Performance System) in 12-13 and higher results in 13-14 should see this improved upon.

In terms of post-18 destinations, 76% of the cohort applied successfully to university, this was all of those who wished to do so. The rest moved on to employment including two Apprenticeships at John Kyrle High School & Sixth Form Centre and one at GCHQ. Of this group 31% went to Russell Group organisations including Oxbridge. The rest of the cohort went to Employment, HE or Apprenticeships.

GCSE

Percentage of Pupils achieving Level 2 including English & Maths = 64%

Percentage of Pupils achieving English Baccalaureate = 31.6%

Percentage of Pupils achieving A*-C in both GCSE English & Maths = 62%

Percentage of Pupils achieving the expected level of progress in English = 73%

Percentage of Pupils achieving the expected level of progress in maths = 82%

Percentage of Pupils achieving Level 2 (5+ A*-C or equivalent) = 69%

Percentage of Pupils achieving Level 1 (5+ A*-G) = 99%

Percentage of Pupils achieving 2 grades A*-C or equivalents in Science 76%

Percentage of Pupils achieving A*-C in at least one full Modern Foreign Language 84%

Numbers

One of, if not *the* key indicator is school success is parental preference. The school has seen a 19.6% increase in numbers since 2007, despite falling rolls in the primary sector. Whilst still fulfilling its mission to draw students mainly from its locality, the school is increasingly popular with parents outside the traditional catchment area and across Local Authorities.

Number on roll:

• 2013-14	1387
• 2012-13	1410
• 2011-12	1362
• 2010-11	1321
• 2009-10	1277
• 2008-09	1196
• 2007-08	1160

EPM

The school issues a biennial questionnaire to students, parents and staff independently administered by Kirkland Rowell. Scores show continued satisfaction with the school's performance. The feedback from the 2012/13 survey was the most positive since the school began this exercise in 2005. This indication of stakeholder satisfaction evidences the Academy achieving its aims as well as providing value for money.

Governormark

The trustees continue to operate within the framework set when it successfully achieved Governormark standards in 12-13

Attendance

Absence, at 4.54% shows an improvement upon 12-13 (5.36%) and 11-12 (5.17%)

Persistent Absence, at 4.6% is marginally greater than the 12-13 figure of 4.5%

Key Financial Performance Indicators

Headteacher targets are set annually by the board of trustees, represented by the Chair and Vice Chair, with advice from an external School Improvement Adviser and in full consultation with the Headteacher.

Student progress and attainment at KS4 and KS5 always form the initial set of targets. In 2013/14 the KS4 target was 60-65% 5A*-C including English and Maths. This was achieved with the overall figure being 64%. Changes to the leadership of English from October 2013, together with a change of approach with line management and a full review of systems contributed to this success.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Key Financial Performance Indicators (continued)

Equally challenging metrics are set at KS5:100% pass rate at A2 and, for the first time in 2012/13 an increase from the traditional target of 50-55% A*-B at A2 to 55%-60%. The former target was met once again and the latter exceeded with 63%A*-B.

Other targets relate to middle and senior leadership development at school and strategic liaison with primary schools. The school is also developing as a centre of excellence in terms of its outreach work and evidence for this target being met included positive feedback on the Headteacher's role as a National Leader of Education working with schools and academies in challenging circumstances and the development of Specialist Leaders of Education.

Trustees have agreed that all targets were met or exceeded. They were particularly pleased that the school narrowed the achievement gap for disadvantaged students and, that with 58% of Ever-6 students gaining 5+ A*-C including English and Maths, disadvantaged students at John Kyrle achieved higher than advantaged students nationally on this metric.

We were fully staffed in all areas with 7 new staff joining us in September 2014.

Going concern

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

Financial review

The accounting period is from 1st September 2013 to 31st August 2014. Most of the school's income is obtained from the EFA (Education Funding Agency) in the form of recurrent grant, the use of which is restricted to particular purpose. The grants received from EFA during the year ending 31st August 2014 and the associated expenditure are shown as restricted funds (non fixed assets) in the Statement of Financial Activities. The school also received capital grants and capital maintenance grants from the EFA.

In July work commenced on building a new dedicated Mathematics Department. The provision will be 10 classrooms, staffroom, IT suite and toilet facilities. The new building will be completed by January 2015. Plans are also being developed to renovate the Lower School Block to improve the general learning environment and enlarge classrooms. The provisional combined cost is approximately £2 million. We have applied for a capital maintenance grant from the EFA to fund part of the project with other funds coming from our reserves.

Recurrent expenditure was less than our funding received: details are within our Statement of Financial Activities. There has been no requirement to use any of our deposit or reserve funds this year.

Reserves policy

The Finance committee, in conjunction with the Board of Trustees, has established a Reserves Policy in line with EFA (Education Funding Agency) guidelines. However, the Policy will aim to carry forward sufficient funds to meet the Academy's long term aims and objectives, ensuring that this does not affect its current operational activities.

The Academy's 'free' reserves are its funds after excluding any restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent in furtherance of any of Academy's objects but which is not yet spent, committed or designated. With effect from 25th October 2013 the 12% carry forward restriction has been removed. Free reserves at the year end amounted to £1,385,854 and are being carried forward to build a new Mathematics department in 2014/15.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Reserves policy (continued)

The Academy's policy is that the appropriate level of revenue reserves should be equivalent to one month's expenditure, currently estimated to be between £550,000 and £600,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

A capital reserve fund is required for longer term planning. The level of reserve will be determined by planned capital projects, normally completed within three years. The type of project would be: new I.T. projects or replacement, curriculum need and increased pupil numbers.

Due to the accounting requirements for the Local Government Pension Scheme (LGPS), we have recognised a significant pension fund deficit. Where this creates a deficit in the restricted general fund this does not mean that an immediate liability for this amount crystallises. The deficit position of the pension scheme results in a cash flow effect for the Academy Trust in the form of an increase in employers' pension contributions over a period of 19 years.

Investment policy

The Investment Policy is required to ensure that investments are protected rather than maximising interest. Short term investments are restricted to transfers to the Academy deposit account. The Academy's Finance Director/Business Manager ensures that surplus funds are deposited so as to maximise interest.

The Academy's current account will hold enough funding to cover the monthly outgoings and any surplus funds will be transferred to the deposit account on a monthly basis. Details of monthly deposit account transfers will be sent by the Finance Director/Business Manager to:

- Headteacher (for authorisation)
- Chair of Trustees (for information)
- Chair of Finance Committee (for information)

Details of future funding, 2015 onwards, are still awaited. Pupil numbers are expected to be maintained or grow slightly during the next five years, this is contrary to current trend in Herefordshire. With the introduction of the new national funding agreement, continuing austerity measures by central government, the future levels of funding are uncertain. Our five year plan demonstrates a funding surplus.

The bank offer better returns on short term investments through the Money Market and should funds become available to invest; the Finance Director/Business Manager will liaise with the Headteacher and Finance Committee to consider this.

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

Principal risks and uncertainties

Since incorporation the Trustees and SLG have completed a financial and whole school risk assessment to identify and implement strategies for addressing risk. The Trustees have also completed an assessment of internal control for the EFA. The process allowed risks to be identified and strategies implemented for addressing risks. Trustees have reviewed the risks to which the school is exposed, and considered, in particular, those relating to the specific teaching, provision of facilities and other operational areas of the school, and its finances. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trustees have an effective system of internal financial controls and this is explained in more detail in the following statement.

All risks are assessed annually against a three year rolling budget forecast verified by the Internal Auditors. The trust does not anticipate any credit, cash flow or liquidity risks for the foreseeable future. The pension deficit is covered in detail on pages 39-43.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Principal risks and uncertainties (continued)

Regular finance committee meetings also highlight uncertainties enabling us to plan any potential impact.

The following are areas of potential impact:

Funding:

- Impact of lower pupil numbers 14/15
- Impact of National Formula Funding, particularly in an area with a proliferation of schools requiring top-slicing by the Local Authority for both small-school protection and receiving minimum-funding guarantee.
- Move toward one-year budget from the EFA limiting forward planning

Competition:

- Government move toward support and development of a schools Sixth Form in the Forest of Dean
- Possible impact of free schools: Robert Owen 14-19 in Hereford and potential Montessori on the Herefordshire/Monmouth border.
- The relatively small number of available staff to either replace existing teachers or expand departments is becoming an increasing pressure

OFSTED:

- The focus on Narrowing the Gap for Pupil-Premium students is correct. It is acknowledged nationally, however, that the greatest challenges under which to address this issue are rurality and a student population in this category of 12-15% (ours is 16%)

Plans for future periods

Following the best-ever examination performance at both GCSE and A Level in the summer of 2014, the school approaches the future with much confidence.

It will continue its relentless drive for high standards of academic performance and provision for students. High targets have been set once again for KS4 and KS5, as well as whole-school attendance. The focus upon learner groups, particularly Ever-6, boys and the more-able, will continue to be a feature of our work building upon our success in 2013/14.

The school will also measure itself against progress toward clearly-stated Academy aims and objectives as outlined in both the Funding Agreement and Memorandum of Association. Capital Developments will play a major role here.

The 'outward facing' role of the school will drive aspects of CPD with formalised school-to-school support involving John Kyrle High School & Sixth Form Centre's role as a National Support School. In addition the Headteacher's role as a National Leader of Education, the school's five specialist Specialist Leaders of Education have all been formally deployed across Local Authority areas and Academy Trusts. It is likely that the Headteacher will operate as an Ofsted Inspector during 2014/15.

The School Development Plan is centered around 9 Key Performance Indicators, all clearly cross-referenced to the Ofsted themes of Attainment, Quality of Teaching, Behaviour & Safeguarding and Leadership & Management. Quantitative success criteria have been set for all areas with clear data points identified per half term for Governor and Senior Leadership Group review.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

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

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 9 December 2014 and signed on the board's behalf by:



Karen Frost, Chair

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between John Kyrle High School & Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Karen Frost, Chair	6	6
Rodney Barker, Vice Chair	6	6
Ben Abbott	4	6
Sean Humby	6	6
Neil Pascoe	5	6
Rick Stevenson	6	6
Colin Parry	5	6
Ruth Bailey	2	2
Christopher Bartrum	5	6
Mark Button	6	6
Jason Harris	5	6
Diane Hudson	5	6
Stacey Kinloch	4	6
Hayley Knapper	5	6
Kate Nicholls, Support Staff	4	6
Jon Sanger	6	6
Debbie Stock	5	6
Nigel Griffiths, Headteacher/Accounting Officer	6	6
Helen Lindley	4	4
Sally Dixon	1	3
Belinda Macintosh	3	3

All members of all sub-committees are Trustees and attend on a voluntary basis. Trustees are expected to be a member of at least one sub-committee.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Governance reviews:

In 2013/14 the FGB ran two governor reviews as part of our regular self-review. These were specifically to evaluate the effectiveness of our governance. We have been running governor reviews since 2003 and have evolved and developed the way we do them, and the focus of them, to provide outstanding governance in the 21st Century.

The first review this year focused on running a full governor audit. We assessed the range of skills we have, using a well-tested benchmark of exercises. The areas we looked at were:

- Our range of skills
- What training we have had in the past 3 years, both as a governor and in other areas related to education
- Our collective knowledge across a range of governance needs

We discovered the following:

Skills

- We are a strong team who work well together and have strong communication skills
- We are less strong on public relations and contracting services

Actions:

- To develop knowledge in the two areas identified by working with the SLG at our school
- Flag them as skills to look for in new governors joining the governing body

Impact:

- Our overall skills are diverse and help us be an effective governing body which means we can support the SLG in all aspect of leadership & management
- The two areas identified as less strong need to be monitored carefully when the governing body is required to be involved with the PR of the school and looking at contracting services. These skills do lie in the SLG which we recognise

Training

- The amount of training we are doing is extensive
- The audit revealed trained skills in governors that we were unaware of

Actions:

- Now that we know the trained skills we have we can 'tap' in to them for some key areas of governance work.
- We can offer advice and support to the SLG and other members of staff in the school, as and when required
- This information is on the VLE for others to see

Impact:

- Our overall skills are diverse and help make us an effective governing body, which means we can work with the SLG in all aspect of leadership & management

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Knowledge

- Our collective knowledge of a wide variety of education matters is extensive
- Although the majority of us have excellent understanding of all aspects of KS4 and KS5, we also have strong knowledge between us about KS2
- We have no areas of concern in terms of knowledge as all aspects were at least amber when we used a RAG analysis process

Actions:

- Continue to monitor our knowledge and maintain our depth and breadth
- Continue to develop new areas of knowledge to stay abreast of changes in government policy and education law

Impact:

- It was very confidence building to know that we have strong understanding. We are an inquisitive governing body and we need to continue to be so

The second governor review focused on us doing a self-evaluation against the OfSTED criteria for leadership and management. The OfSTED Framework September 2013 states nine criteria for effective governance. Again, we used a RAG analysis.

Findings

- We evaluated that we are strong in seven of the nine criteria, with exceptional strengths in vision, contributing to the SEF, school leadership and statutory duties
- We had one area of concern which was use of the performance management system

Action

- Since September 2014, performance management has been an essential part of governance and so we have introduced new ways of working to improve our ability to do all aspects of performance management
- So far this is running well, but we will evaluate again at the end of the academic year and make any changes that may be required

Impact

- It is important to us that we do all aspects of performance management well. This is important to the teaching staff and the SLG and a critical part of leadership and management. The fact that we had a Pay Committee in place ahead of the changes in process in September 2014 has helped us. The Personnel Committee has also worked hard and will do so in the future to make sure performance management works well in partnership with the SLG

In February 2015 we will run another Governor Review, where we will focus on refreshing the vision and mission of the school to bring it up to date and create clarity for all stakeholders.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
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GOVERNANCE STATEMENT (continued)

The Finance Committee is a sub-committee of the main board of trustees but its membership is not separately delegated. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Karen Frost - Chair	4	6
Rodney Barker - Vice Chair	4	6
Nigel Griffiths - Headteacher	6	6
Jason Harris	4	6
Diane Hudson	3	6
Neil Pascoe	5	6
Jon Sanger	6	6
Rick Stevenson	6	6
Debbie Stock	3	6
Sean Humby	0	6
Ben Abbott	1	6
Christopher Bartrum	0	6
Stacey Kinloch	1	6
Hayley Knapper	2	6
Kate Nicholls	1	6
Colin Parry	1	6
Belinder Macintosh	2	2
Ruth Bailey	0	3
Sally Dixon	2	2
Mark Button	1	6
Helen Hindley	3	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 John Kyrle High School & Sixth Form Centre for the year ended 31st August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year ended 31st August 2014 to and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

GOVERNANCE STATEMENT (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 board of trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint HCSS Education as internal auditor.

The internal auditor'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, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities. We confirm that the internal audit function has delivered the schedule of work as planned. There have been no material control issues arising from the internal audit reports thus far.

Review of Effectiveness

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

- the work of the internal auditor;
- 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 Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 9 December 2014 and signed on its behalf, by:



Karen Frost, Chair



Nigel Griffiths, Headteacher/Accounting Officer

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of John Kyrle High School & Sixth Form Centre I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 board of trustees 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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Nigel Griffiths
Headteacher/Accounting Officer

9 December 2014

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

The Trustees of John Kyrle High School & Sixth Form Centre (who act as governors and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 9 December 2014 and signed on its behalf by:



Karen Frost, Chair

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE

We have audited the financial statements of John Kyrle High School & Sixth Form Centre for the year ended 31st August 2014, which comprise the Statement of Financial Activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (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 Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees' 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 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF JOHN KYRLE HIGH SCHOOL &
SIXTH FORM CENTRE**

Matters on which we are required to report by exception

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

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



Nicola Smith (Senior statutory auditor)

for and on behalf of

Davies Mayers Barnett LLP

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS
9 December 2014

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO JOHN KYRLE
HIGH SCHOOL & SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22nd September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by John Kyrle High School & Sixth Form Centre during the year 1st September 2013 to 31st August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of John Kyrle High School & Sixth Form Centre's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of John Kyrle High School & Sixth Form Centre's funding agreement with the Secretary of State for Education dated 22nd December 2010, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

In this regard, we have carried out the following:

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

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO JOHN KYRLE
HIGH SCHOOL & SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink that reads "Davies Mayers Barnett LLP". The signature is written in a cursive, flowing style.

Davies Mayers Barnett LLP

Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

9 December 2014

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31ST AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	63,208	192,774	-	255,982	270,057
Activities for generating funds	3	73,411	-	-	73,411	80,106
Investment income	4	5,905	-	-	5,905	3,008
Funding for the academy trust's educational operations	5	8,400	6,927,575	178,408	7,114,383	7,272,676
TOTAL INCOMING RESOURCES		150,924	7,120,349	178,408	7,449,681	7,625,847
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income		-	156,162	-	156,162	220,836
Charitable activities:	7					
Academy trust educational operations		7,524	6,639,104	636,096	7,282,724	7,127,301
Governance costs	8	-	94,895	-	94,895	98,693
TOTAL RESOURCES EXPENDED	6	7,524	6,890,161	636,096	7,533,781	7,446,830
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		143,400	230,188	(457,688)	(84,100)	179,017

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31ST AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	16	(434,986)	(180,000)	614,986	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(291,586)	50,188	157,298	(84,100)	179,017
Actuarial gains and losses on defined benefit pension schemes		-	(652,000)	-	(652,000)	69,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(291,586)	(601,812)	157,298	(736,100)	248,017
<i>Total funds at 1st September 2013</i>		<i>1,677,440</i>	<i>(1,107,897)</i>	<i>21,642,263</i>	<i>22,211,806</i>	<i>21,963,789</i>
TOTAL FUNDS AT 31ST AUGUST 2014		1,385,854	(1,709,709)	21,799,561	21,475,706	22,211,806

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

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

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE

(A company limited by guarantee)
REGISTERED NUMBER: 07465249

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	13		21,799,562		21,642,263
CURRENT ASSETS					
Debtors	14	164,825		99,904	
Cash at bank and in hand		2,019,704		2,149,157	
		<u>2,184,529</u>		<u>2,249,061</u>	
CREDITORS: amounts falling due within one year	15	(533,385)		(348,518)	
NET CURRENT ASSETS			<u>1,651,144</u>		<u>1,900,543</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,450,706</u>		<u>23,542,806</u>
Defined benefit pension scheme liability	24		(1,975,000)		(1,331,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>21,475,706</u></u>		<u><u>22,211,806</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	16	265,291		223,103	
Restricted fixed asset funds	16	21,799,561		21,642,263	
Restricted funds excluding pension liability		<u>22,064,852</u>		<u>21,865,366</u>	
Pension reserve		(1,975,000)		(1,331,000)	
Total restricted funds			<u>20,089,852</u>		<u>20,534,366</u>
Unrestricted funds	16		<u>1,385,854</u>		<u>1,677,440</u>
TOTAL FUNDS			<u><u>21,475,706</u></u>		<u><u>22,211,806</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2014 and are signed on their behalf, by:



Karen Frost, Chair

The notes on pages 29 to 46 form part of these financial statements.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	20	479,628	42,038
Returns on investments and servicing of finance	21	5,905	3,008
Capital expenditure and financial investment	21	(614,986)	(291,814)
DECREASE IN CASH IN THE YEAR		<u><u>(129,453)</u></u>	<u><u>(246,768)</u></u>

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

	2014 £	2013 £
Decrease in cash in the year	<u>(129,453)</u>	<u>(246,768)</u>
	-	-
MOVEMENT IN NET FUNDS IN THE YEAR	<u>(129,453)</u>	<u>(246,768)</u>
Net funds at 1st September 2013	<u>2,149,157</u>	<u>2,395,925</u>
NET FUNDS AT 31ST AUGUST 2014	<u><u>2,019,704</u></u>	<u><u>2,149,157</u></u>

The notes on pages 29 to 46 form part of these financial statements.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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

Incoming resources

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

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

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

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

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

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

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

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

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Long Leasehold Buildings

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

Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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:

Long Leasehold Buildings	-	2%
Plant and machinery	-	10%
Motor vehicles	-	25%
Fixtures and fittings	-	25%
ICT equipment	-	33%
Leasehold improvements	-	10%

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

Long leasehold land and buildings are depreciated over 50 years as this is the assessment of remaining economic life when the assets were acquired.

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

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

Leased assets

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

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 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 24, 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.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. 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 Education Funding Agency and the 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 Education Funding Agency, Department for Education and School Fund accounts.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
School funds	-	192,774	192,774	189,823
Other donations	63,208	-	63,208	80,234
	<u>63,208</u>	<u>192,774</u>	<u>255,982</u>	<u>270,057</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Course attendance	25,628	-	25,628	23,441
Other income	3,479	-	3,479	5,244
National Leaders in Education	14,050	-	14,050	25,670
Hire of facilities	30,254	-	30,254	25,751
	<u>73,411</u>	<u>-</u>	<u>73,411</u>	<u>80,106</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Short term deposits	5,905	-	5,905	3,008
	<u>5,905</u>	<u>-</u>	<u>5,905</u>	<u>3,008</u>

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grants (GAG)	-	6,708,879	6,708,879	6,639,942
Capital grants	-	178,408	178,408	276,810
Other DfE/EFA grants	-	204,996	204,996	267,708
	<u>-</u>	<u>7,092,283</u>	<u>7,092,283</u>	<u>7,184,460</u>
Other government grants				
Local authority grants	-	13,700	13,700	-
Special educational projects	8,400	-	8,400	88,216
	<u>8,400</u>	<u>13,700</u>	<u>22,100</u>	<u>88,216</u>
	<u>8,400</u>	<u>7,105,983</u>	<u>7,114,383</u>	<u>7,272,676</u>

6. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Costs of generating voluntary income	-	-	156,162	156,162	220,836
Costs of generating funds	<u>-</u>	<u>-</u>	<u>156,162</u>	<u>156,162</u>	<u>220,836</u>
Charitable activities:					
Educational operations - Direct costs (note 7 refers)	4,706,934	-	544,608	5,251,542	5,084,112
Educational operations - Support costs (note 7 refers)	722,250	939,968	368,964	2,031,182	2,043,189
Subtotal charitable activities	<u>5,429,184</u>	<u>939,968</u>	<u>913,572</u>	<u>7,282,724</u>	<u>7,127,301</u>
Governance costs including allocated support costs	78,600	-	16,295	94,895	98,693
	<u>5,507,784</u>	<u>939,968</u>	<u>1,086,029</u>	<u>7,533,781</u>	<u>7,446,830</u>

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

7. CHARITABLE ACTIVITIES

	Total funds 2014 £	Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	4,706,934	4,495,745
Educational supplies and	242,111	317,356
Examination services	140,077	152,129
Staff development	32,404	40,700
Other direct costs	130,016	78,182
	<u>5,251,542</u>	<u>5,084,112</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs	683,250	593,851
Depreciation	636,096	606,761
Pension finance cost	39,000	45,000
Maintenance of premises and equipment	105,995	213,219
Cleaning	8,295	7,322
Rents and rates	24,990	23,786
Heat and light	111,078	107,707
Insurance	53,513	50,102
Security and transport	142,788	135,928
Catering	40,444	41,343
Bank interest and charges	948	815
Technology costs	98,915	131,213
Other support costs	85,870	86,142
	<u>2,031,182</u>	<u>2,043,189</u>
	<u><u>7,282,724</u></u>	<u><u>7,127,301</u></u>

8. GOVERNANCE COSTS

	Total funds 2014 £	Total funds 2013 £
Internal Audit	2,328	1,500
Audit of financial statements	8,800	11,514
Other Services	2,160	1,150
Legal and professional fees	2,542	8,002
Governors' reimbursed expenses	60	27
Governor training & development	405	-
Support staff costs	78,600	76,500
	<u>94,895</u>	<u>98,693</u>

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned assets	209,843	180,508
- leased assets	426,253	426,253
Auditors' remuneration	8,800	11,514
Auditors' remuneration - non-audit	2,160	1,150
Operating lease rentals:		
- other operating leases	10,096	6,498
	10,096	6,498

10. STAFF

a. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	4,408,362	4,083,582
Social security costs	291,954	302,726
Other pension costs (Note 24)	631,343	562,650
	5,331,659	4,948,958
Supply teacher costs	122,220	217,138
Staff restructuring costs	14,905	-
Pension finance cost	39,000	45,000
	5,507,784	5,211,096

b. Staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £14,905 (2013 - £Nil).

c. Staff numbers

The averagenumber of persons (including senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	80	85
Administration and support	49	35
Management	11	9
	140	129

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

10. STAFF (continued)

d. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	4	4
In the band £80,001 - £90,000	1	1
In the band £110,001 - £120,000	1	1
	6	6
	6	6

Five of the above employees participated in the Teachers' Pension Scheme. During the period ended 31st August 2014 pension contributions for these staff amounted to £56,170 (2013 - £54,453). The other employee participated in the Local Government Pension Scheme and pension contributions amounted to £13,723 (2013 - £16,027).

11. TRUSTEES' REMUNERATION AND EXPENSES

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

	2014 £	2013 £
N Griffiths, Headteacher and trustee	130,000-135,000	125,000-130,000
Mrs K Nicholls, staff governor and trustee	20,000-25,000	20,000-25,000
Mrs H Knapper, staff governor and trustee	20,000-25,000	15,000-20,000
Mrs D Stock, staff governor and trustee	20,000-25,000	20,000-25,000
B Abbott, staff governor and trustee	45,000-50,000	35,000-40,000
Mrs S Kinloch, staff governor and trustee	30,000-35,000	20,000-25,000

During the year ended 31st August 2014, expenses totalling £60 (2013 - £NIL) were reimbursed to 1 Trustee.

Related party transactions involving the Trustees are set out in note 25.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31st August 2014 was £1,106 (2013 - £1,106).

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

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

13. TANGIBLE FIXED ASSETS

	Long Leasehold Buildings £	Leasehold Improvements £	Plant and machinery £	Motor vehicles £
Cost				
At 1st September 2013	21,312,529	1,465,899	49,239	25,305
Additions	-	766,065	-	-
At 31st August 2014	<u>21,312,529</u>	<u>2,231,964</u>	<u>49,239</u>	<u>25,305</u>
Depreciation				
At 1st September 2013	1,136,671	150,237	6,656	7,380
Charge for the year	426,253	153,772	4,924	6,325
At 31st August 2014	<u>1,562,924</u>	<u>304,009</u>	<u>11,580</u>	<u>13,705</u>
Net book value				
At 31st August 2014	<u>19,749,605</u>	<u>1,927,955</u>	<u>37,659</u>	<u>11,600</u>
At 31st August 2013	<u>20,175,858</u>	<u>1,315,662</u>	<u>42,583</u>	<u>17,925</u>
		Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1st September 2013		37,922	102,547	22,993,441
Additions		-	27,330	793,395
At 31st August 2014		<u>37,922</u>	<u>129,877</u>	<u>23,786,836</u>
Depreciation				
At 1st September 2013		9,481	40,753	1,351,178
Charge for the year		7,110	37,712	636,096
At 31st August 2014		<u>16,591</u>	<u>78,465</u>	<u>1,987,274</u>
Net book value				
At 31st August 2014		<u>21,331</u>	<u>51,412</u>	<u>21,799,562</u>
At 31st August 2013		<u>28,441</u>	<u>61,794</u>	<u>21,642,263</u>

The Academy lease land and buildings from Herefordshire Council. On conversion the Trustees agreed to base their valuation of land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared 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.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

14. DEBTORS

	2014	2013
	£	£
Trade debtors	4,352	1,899
Other debtors	59,399	55,940
Prepayments and accrued income	101,074	42,065
	164,825	99,904
	164,825	99,904

15. CREDITORS:
Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	274,656	60,988
Other taxation and social security	96,146	92,365
Other creditors	82,877	77,698
Accruals and deferred income	79,706	117,467
	533,385	348,518
	533,385	348,518

Deferred income

Deferred income at 1st September 2013		75,350
Resources deferred during the year		64,706
Amounts received from previous year		(75,350)
		64,706
Deferred income at 31st August 2014		64,706

Income received during the year ended 31st August 2014 specific to funding for future periods has been deferred accordingly.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	1,677,440	150,924	(7,524)	(434,986)	-	1,385,854
	<u>1,677,440</u>	<u>150,924</u>	<u>(7,524)</u>	<u>(434,986)</u>	<u>-</u>	<u>1,385,854</u>
Restricted funds						
School Fund Account	37,071	192,774	(156,162)	-	-	73,683
General Annual Grant (GAG)	186,032	6,708,879	(6,521,255)	(182,048)	-	191,608
Other Government grants	-	13,700	(13,700)	-	-	-
Other DfE/EFA Grants	-	204,996	(207,044)	2,048	-	-
Pension reserve	(1,331,000)	-	8,000	-	(652,000)	(1,975,000)
	<u>(1,107,897)</u>	<u>7,120,349</u>	<u>(6,890,161)</u>	<u>(180,000)</u>	<u>(652,000)</u>	<u>(1,709,709)</u>
Restricted fixed asset funds						
DfE/EFA Capital Grants	20,608,789	178,408	(482,274)	-	-	20,304,923
Partnership for Schools capital grant	231,171	-	(23,001)	-	-	208,170
Transfer from GAG	685,498	-	(66,559)	180,000	-	798,939
Transfer from Unrestricted Funds	115,501	-	(63,620)	434,986	-	486,867
Other grants	1,304	-	(642)	-	-	662
	<u>21,642,263</u>	<u>178,408</u>	<u>(636,096)</u>	<u>614,986</u>	<u>-</u>	<u>21,799,561</u>
Total restricted funds	<u>20,534,366</u>	<u>7,298,757</u>	<u>(7,526,257)</u>	<u>434,986</u>	<u>(652,000)</u>	<u>20,089,852</u>
Total of funds	<u><u>22,211,806</u></u>	<u><u>7,449,681</u></u>	<u><u>(7,533,781)</u></u>	<u><u>-</u></u>	<u><u>(652,000)</u></u>	<u><u>21,475,706</u></u>

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. School funds held in respect of education visits and events are also included in the Restricted General Fund.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

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.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31st August 2014 are represented by:-

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	21,799,562	21,799,562	21,642,263
Current assets	1,385,854	547,512	251,163	2,184,529	2,249,061
Creditors due within one year	-	(282,221)	(251,164)	(533,385)	(348,518)
Provisions for liabilities and charges	-	(1,975,000)	-	(1,975,000)	(1,331,000)
	<u>1,385,854</u>	<u>(1,709,709)</u>	<u>21,799,561</u>	<u>21,475,706</u>	<u>22,211,806</u>

18. CAPITAL COMMITMENTS

As at 31st August 2014, the Academy capital commitments totalling £545,701 (2013: £nil).

19. FINANCIAL COMMITMENTS

Operating leases

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

	2014 £	2013 £
Other		
Expiring within two and five years	<u>10,096</u>	<u>6,498</u>

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Net incoming resources before revaluations	(84,100)	179,017
Interest receivable	(5,905)	(3,008)
Depreciation of tangible fixed assets	636,096	606,761
Capital grants from DfE and other capital income	(178,408)	(276,810)
Increase in debtors	(64,922)	(28,803)
FRS17 pension cost less contribution payable (note 24)	(47,000)	(35,000)
FRS17 pension finance cost (note 24)	39,000	45,000
Increase/(decrease) in creditors	184,867	(445,119)
Net cash inflow from operations	479,628	42,038

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

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	5,905	3,008
	5,905	3,008
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(793,394)	(568,624)
Capital grants from DfE and other capital income	178,408	276,810
Net cash outflow capital expenditure	(614,986)	(291,814)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013	Cash flow	Other non-cash changes	31 August 2014
	£	£	£	£
Cash at bank and in hand:	2,149,157	(129,453)	-	2,019,704
Net funds	2,149,157	(129,453)	-	2,019,704

23. 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.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

24. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Costs incurred in the period relating to TPS were £461,097 (2013: £430,802) and relating to LGPS were £170,247 (2013: £96,848).

Contributions amounting to £63,915 (TPS) and £17,407 (LGPS) were payable to the scheme at 31st August 2014 (2013 - 58,666 (TPS) and £17,374 (LGPS)) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied in future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2014 was £267,073 (2013 : £205,620), of which employer's contributions totalled £217,246 (2013 : £166,848) and employees' contributions totalled £49,827 (2013 : £38,772). The agreed contribution rates for future years are 16.5% for employers (plus phased lump sum contributions) and vary according to salary banding between 5.5% - 12.5% for employees. For the year ended 31st August 2015, the agreed employer lump sum contribution is £96,400

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

Employer contributions

At 31st March 2013, a formal valuation of the LGPS was undertaken and determined the contributions payable to the fund from 1st April 2014 to 31st March 2017. The employer contribution rate payable is made up of a normal rate for future service plus additional amounts in relation to the deficit valued at 31st March 2013.

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

On this basis, the contribution rate which applies from 1st April 2014 is a normal future service contribution rate of 14.1% of pensionable pay per annum plus additional contributions in relation to the deficit. An allowance is included within the normal 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 deficit via additional contributions, based on a recovery period of 18 years, the additional contribution rate required is 2.4% of pensionable pay per annum, leading to an overall employer contribution rate applicable as at 31st March 2013 of 16.5% of pensionable pay. In addition to this, lump sum contributions totalling £301,300 are to be paid over the next three years.

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	7.00	914,000	7.00	818,000
Other Bonds	3.80	64,000	4.40	54,000
Cash/liquidity	0.50	12,000	0.50	34,000
Total market value of assets		<u>990,000</u>		<u>906,000</u>
Present value of scheme liabilities		<u>(2,965,000)</u>		<u>(2,237,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,975,000)</u></u>		<u><u>(1,331,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,965,000)	(2,237,000)
Fair value of scheme assets	<u>990,000</u>	<u>906,000</u>
Net liability	<u><u>(1,975,000)</u></u>	<u><u>(1,331,000)</u></u>

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

	2014 £	2013 £
Current service cost	(169,000)	(131,000)
Interest on pension liabilities	(105,000)	(88,000)
Expected return on scheme assets	<u>66,000</u>	<u>43,000</u>
Total	<u><u>(208,000)</u></u>	<u><u>(176,000)</u></u>
Actual return on scheme assets	<u><u>97,000</u></u>	<u><u>112,000</u></u>

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

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	2,237,000	1,937,000
Current service cost	169,000	131,000
Interest cost	105,000	88,000
Contributions by employees	50,000	39,000
Actuarial Losses	408,000	-
Benefits paid	(4,000)	42,000
	<u>2,965,000</u>	<u>2,237,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	906,000	547,000
Expected return on assets	66,000	43,000
Actuarial gains and (losses)	(244,000)	69,000
Contributions by employer	216,000	166,000
Contributions by employees	50,000	39,000
Benefits paid	(4,000)	42,000
	<u>990,000</u>	<u>906,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £754,000 loss (2013 - £102,000 loss).

The Academy expects to contribute £232,000 of normal contributions and an additional lump sum of £96,400 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Discount rate for scheme liabilities	3.80 %	4.50 %
Rate of increase in salaries	3.60 %	3.90 %
Rate of increase for pensions in payment / inflation	2.10 %	2.40 %
Inflation assumption (CPI)	2.10 %	2.40 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2014	2013
Retiring today		
Males	23.3	22.5
Females	25.7	25.0
Retiring in 20 years		
Males	25.5	24.3
Females	28	27.0

JOHN KYRLE HIGH SCHOOL & SIXTH FORM CENTRE
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £	2011 £
Defined benefit obligation	(2,965,000)	(2,237,000)	(1,937,000)	(1,511,000)
Scheme assets	990,000	906,000	547,000	295,000
Deficit	(1,975,000)	(1,331,000)	(1,390,000)	(1,216,000)
Experience adjustments on scheme assets	(244,000)	69,000	(5,000)	(27,000)

Sensitivity analysis as at 31st August 2014:

	Central £000's	+0.1% p.a. discount rate £000's	+0.1% p.a. inflation £000's	1 year increase in life expectancy £000's
Liabilities	2,965	2,913	3,018	3,017
Assets	(990)	(990)	(990)	(990)
Deficit/(surplus)	1,975	1,923	2,028	2,027
Projected Service Cost for next year	187	182	193	191
Projected Expected Return for next year	(69)	(69)	(69)	(69)
Projected Interest Costs for next year	117	118	119	119

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees 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.

C Bartrum, a Trustee, was also a councillor for Herefordshire Council during the period. This role does not give C Bartrum significant influence over pricing of Service Level Agreements or other Academy and Educational decisions and the disclosure of transactions between Herefordshire Council and the Academy is therefore not considered necessary.

Trustee mentoring services totalling £1,000 were provided by Value Based Leadership, a company in which K Frost is a director and shareholder.

The trust made the purchase at arms length.

In entering these transactions the trust has complied with the Academies Financial Handbook.