

ROC.

Company Number 07475515

READING SCHOOL
ANNUAL REPORT
31 AUGUST 2011

THURSDAY



L0P6M7IO

L16

29/12/2011

#19

COMPANIES HOUSE

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

The Governors present their first report and the first financial statements of Reading School for the period ended 31 August 2011

REFERENCE AND ADMINISTRATIVE DETAILS

The Governors, who are also trustees of the charity and the directors of the company, have held office since 21 December 2010, as follows

| | |
|-------------------|---------------------------------------------------------------------------------------------|
| Dr P C H Mitchell | Chair of Governors (appointed 21 December 2010) |
| Mr I L Martin | Vice Chair (appointed 14 March 2011) |
| Mr J I Weeds | Principal of Reading School & Accounting Officer (appointed 21 December 2010) |
| Mr D A Jubb | Chair of Finance Committee (appointed 1 February 2011) |
| Mrs L Spearing | Responsible Officer (appointed 14 March 2011) |
| Mr G Beahan | (appointed 4 July 2011) |
| Mr A P Brown | (appointed 14 March 2011) |
| Mr R Childs | (appointed 14 March 2011) |
| Mr D R Fisher | (appointed 14 March 2011) |
| Mr A C Hayes | (appointed 14 March 2011) |
| Mr R P Huggins | (appointed 14 March 2011) |
| Mr R J Kenwick | (appointed 14 March 2011) |
| Mr S J Longstaff | (appointed 14 March 2011) |
| Prof S Northcote | (appointed 14 March 2011) |
| Dr M L Parsons | (appointed 4 July 2011) |
| Mrs F J Pointer | (appointed 14 March 2011) |
| Mr D J Talbot | (appointed 14 March 2011) |
| Mrs C Toms | (appointed 14 March 2011) |

Mrs F J Pointer resigned from her term of office on 3 September 2011
Mr D J Talbot ended his term of office on 30 November 2011

In addition to the Principal, the following other key senior members of staff are responsible for the day-to-day management of the charitable company

| | |
|------------------|-------------------------|
| Mr A Robson | Vice Principal |
| Mr E Holt | Assistant Principal |
| Mr T Harris | Assistant Principal |
| Mrs A Hardwick | Assistant Principal |
| Mrs P Richardson | School Business Manager |

The principal address of the charity and the registered office of the company are the premises of Reading School at Earlegh Road Reading, Berkshire RG1 5LW

Reading School is an exempt charity that is not therefore required to register with the Charity Commission and the company is incorporated in England and Wales with the company registration number 07475515

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

The Governors have made the following professional appointments

| | |
|------------|-----------------------------------------------------------------------------------------------------------------------|
| Solicitor | Stone King LLP, 13 Queen Street, Bath, Avon BA1 2HJ |
| Accountant | Baker Tilly Tax and Accounting Limited, The Clock House, 140 London Road, Guildford, Surrey GU1 1UW |
| Auditor | Baker Tilly UK Audit LLP, Springpark House, Basing View Basingstoke, Hampshire RG21 4HG |
| Banker | HSBC Bank plc, Thames Valley Commercial Centre, Ground Floor, 100 Brook Drive, Green Park, Reading, Berkshire RG2 6UJ |
| Surveyor | Dunster & Morton, 6 Southern Court, South Street, Reading Berkshire RG1 4QS |

STRUCTURE, GOVERNANCE AND MANAGEMENT**Status & History**

Reading School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

The current members of the charitable company are as follows:

Mr G Beahan, Mr A P Brown, Mr R Childs, Mr D R Fisher, Mr A C Hayes, Mr R P Huggins, Mr D A Jubb, Mr R J Kenwick, Mr S J Longstaff, Dr P C H Mitchell, Mr I L Martin, Prof S Northcliff, Dr M L Parsons, Mrs L Spearing, Mrs C Toms and Mr J I Weeds.

The principal activity of Reading School is currently to run a secondary day and boarding school for boys located in Reading. This was originally a Foundation School which converted to academy status on 1 February 2011.

The charitable company was incorporated on 21 December 2010 and is governed by the rules and regulations set out in its company Memorandum and Articles of Association dated 21 December 2010.

Organisational Structure

The Governors have responsibility for setting and monitoring the overall strategic direction of the charitable company, approving decisions reserved to Governors and appointing key members of staff.

The Governing Body meet five or six times each year. All decisions reserved to the Governors are taken as a whole. Governor committees also meet five or six times each year to consider detailed matters and recommend decisions to the full board.

There are four such committees:

- Curriculum
- External Relations and Pastoral Care
- Finance
- Property

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

Additionally a committee designated the Chairs Group, comprising the Chair of Governors, the Vice Chair the Chairs of the above four committees and the Principal meets at least termly, and as required, to organise business make recommendations to the Governing Body and to consider personnel matters. Also ad hoc groups of Governors are established as and when required to consider specific issues and make recommendations to the Governing Body

Mrs Laura Sparing is the Responsible Officer and as such has an oversight role in relation to the systems and processes of control and risk management that operate throughout Reading School

The Principal is the Accounting Officer and works closely with both the other governors and the senior staff of Reading School

Decisions are taken at meetings of the full board in consideration of reports and recommendations from Governors committees, the Principal, and the Business Manager. Members of staff, in addition to the Principal and Vice Principal, attend committee meetings to present reports in their areas of responsibility, for example curriculum development and special educational needs

At least annually, a development away day is held with Governors, senior staff trustees of The Reading Foundation (the owners of the main school site) and other relevant specialists. A record of each development away day is kept and fed into the work of the committees and the Governing Body. The Chair of Governors and the Principal meet regularly to monitor decision implementation and to review matters affecting staff and students and issues affecting the school. Governors' committees are established to hear and adjudicate complaints from parents (and others) and appeals against disciplinary decisions (relating to staff and students)

A committee of Governors with the participation of an external advisor undertakes the annual performance review of the Principal and monitors performance and achievements against targets. Individual Governors are allocated to academic subject areas within the school and sit in on classes and report thereon. Individual Governors assume responsibility in particular areas of school life and report thereon, for example health and safety special educational needs, information technology, extracurricular activities and boarding

Minutes of the Governing Body and other documents (as required by the Funding Agreement between Reading School and the Department for Education) are submitted to the Young People's Learning Agency and are accessible through the school's website

The day-to-day management of Reading School rests with the Principal who has overall responsibility for the school. The Principal is responsible for establishing a senior management team, including the Business Manager, the Vice Principal and the Assistant Principals

Throughout in the management of the school and in the conduct of the Governing Body, the emphasis is on openness, accessibility and accountability. Governors are encouraged to, and do, participate fully in the work of committees and the Governing Body and are encouraged to bring matters of concern before Governors. Annually after the publication of examination results, Governors undertake a thorough review of the results and consider implications for the curriculum and pastoral activities within the school

The detailed administrative work of the Governors is undertaken by the Clerk to Governors, reporting to the Chair

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

Method of Recruitment, Appointment, Election, Induction & Training of Governors

The Governing Body has procedures for reviewing the mix of skills that should be available to the board

Potential new Governors are required to submit a letter of interest and CV and are interviewed by the Chair of Governors, the Principal and one other Governor. A recommendation for appointment is presented to a members' meeting.

Most new Governors will be drawn from the local community being either parents or guardians of students at the school or others that have shown an interest in the well being of the school and its students. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communications to those within the greater Reading catchment area of the school. Staff vacancies on the Governing Body are filled by election, the electorate comprising all teaching and associate staff. To ensure a proper representation of parents, Governor vacancies are notified to parents (including the parents of boarders).

The Governors in post at the time of conversion to academy status have been appointed to the Governing Body of the academy school to continue to serve until their date of retirement as determined by the predecessor school. New Governors are appointed for a period of four years. At the end of their initial term of service, all Governors are eligible for re-election for a further term.

New Governors receive information packs and meet the Chair of Governors to discuss the role of a Governor and the requirements of Reading School and to undertake a site visit. The training of Governors has hitherto been somewhat ad hoc and the Chair and Clerk are undertaking a review of training requirements and opportunities which will be implemented in the coming year.

Risk & Corporate Governance Matters

The Governors have a robust attitude to risk management. The risk register defines and considers risk under the headings of Strategic and Reputational Risks and Operational Risks. All Governors have received training in safeguarding and the Chair is the designated Governor for child protection. Governors undertake site visits and receive regular reports from staff and the Governors' Health and Safety representative.

The following policies adopted by the Governing Body and reviewed annually cover risk and health and safety matters:

- Health and Safety Statement and Policy
- Risk Assessment Policy
- Register of Risks

Professional Indemnity Insurance

The school has taken out a combined insurance policy that includes buildings and contents insurance, employer's liability insurance and at no additional cost, professional indemnity insurance cover for the academy (including Governors, trustees and teaching and administrative staff) for liability arising from negligent acts, errors and omissions committed in good faith, notified during the insurance period. Cover is provided up to an aggregate limit of £2,000,000 in the insurance year. The cost of this total insurance package during the period was £36,749.

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

Governors' Responsibilities in the Preparation of Financial Statements

The Governors (who are also the trustees and directors of Reading School for the purposes of charity and company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date, and of the incoming resources and application of resources, including income and expenditure, for that period. In preparing those financial statements, the Governors are required to

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

The Governors are responsible for keeping proper accounting records, which 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 Companies Acts 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for 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 the legislation in other jurisdictions.

Auditor

Baker Tilly UK Audit LLP has been appointed the first auditor to the charitable company and has indicated its willingness to continue in office.

Statement as to Disclosure of Information to the Auditor

The Governors at the date of approval of this Governors' annual report confirm that so far as each of them is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OBJECTIVES AND ACTIVITIES**Charitable Objectives**

The charitable objective for which the charitable company was established is 'to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum (the Academy)'.

GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011

Charitable Activities

The principal activity of Reading School is currently to run a secondary day and boarding school for boys located in Reading, Berkshire

Indicators, Milestones & Benchmarks

The Governors use the following key measures to assess the success of the activities of the charitable company

The Academy Development Plan 2011 agreed by Governors includes the key measures needed to assess the success of the activities of the charitable company. The Principal is required to report to the Governors regularly on Academy performance, personnel matters, university entrance and staff training

Public Benefit

The Governors have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document 'The Advancement of Education for the Public Benefit') into consideration in preparing their statements on public benefit contained within this Governors' annual report

Benefits & Beneficiaries

In accordance with its charitable objectives, the charitable company strives to advance the education of the students attending the school. The charitable company's primary beneficiaries are therefore the students, and benefits to students are provided through continuing to maintain a high standard of education throughout the school

Governors' Assessment of Public Benefit

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the Governors gather evidence of the success of Reading School's activities

Relationships with Related Parties

Reading School has a close working relationship with The Reading Foundation (Registered Charity number 294640) which serves as landlord in relation to the school's main site and has as its own charitable purpose 'to advance the education of the public, and in particular, to endow Reading School'. In practice, The Reading Foundation seeks to promote the range and quality of the educational provision of Reading School and throughout the wider community

Representation on Other Bodies

The Principal is a trustee of The Reading Foundation, and also serves as a sponsor of the new Reading University Technical College (UTC) and is seeking nomination as a member of their new Board of Governance. The UTC has been granted a sum of £8 million to establish a vocational-technical alternative curriculum for 14-19 year olds in the Reading area interested in pursuing careers in local industry, retail and the service sector

GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011

ACHIEVEMENTS AND PERFORMANCE

Review of Activities & Events

Examination Results Report

The school's performance in 2011 was in line with its raw attainment in 2007-2009. Targets agreed with Governors in 2010 were met at both GCSE and A-level. Critically, our value-added performance at A-level, as calculated by the ALPS method, was our best ever. The GCSE value-added picture is also generally in line with expectation, but detailed analysis cannot take place until we receive Raiseonline and MidYis data. Also included are Key Stage 3 core subject data so that the tracking, in overview, which we have in place to ensure that our targets are met for 4 Levels of Progress from Key Stage 2 to 4 (Y7-11) can be observed.

1 Key Stage 3 performance data for tracking 4 Levels of Progress KS2-4

Percentage achieving 2 Levels of Progress at end Year 9, based on Teacher Assessment (TA) data

| | <u>2011</u> | <u>2010</u> |
|-------------|-------------|-------------|
| English | 99.19% | 100% |
| Mathematics | 100% | 100% |
| Science | 97.58% | 100% |

2 GCSE Results analysis

| GCSE | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| %age A*-A grades achieved = | 79.4 | 84.1 | 80.3 | 76.0 | 80.6 |
| %age A*-C grades awarded = | 99.5 | 99.2 | 99.0 | 99.3 | 98.5 |
| %age candidates with 5 x A*-A = | 94.4 | 96.7 | 91.1 | 91.9 | 95.2 |

GCSE Targets set with Governors, October 2010

A*-A = 80-85%

It should also be noted that in our first year of entry for the International GCSE (IGCSE) Mathematics in Year 11 28/28 candidates (100%) achieved A* grades. The percentage of candidates achieving the new English Baccalaureate was 72.6% as opposed to 77.4% in 2010. We are seeking 90%+ coverage from 2013 and are currently surveying parents on their attitudes to the this qualification.

3 AS-level results analysis

| AS-level | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Percentage of grades awarded at A-B = | 80.0 | 81.3 | 82.8 | 80.6 | 81.7 |

AS-level Targets set with Governors, October 2010

A-B = 80-85%

51 candidates achieved 4 straight A grades and 22 achieved 3 A grades. The Sixth Form Management Team has undertaken analysis of AS performances to ensure that those students below target level are mentored and supported to ensure they achieve or exceed their target A2 grades next year.

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2011

4 A-level results analysis

| A2-level | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Percentage grades awarded at A*-B = | 89.4 | 94.5 | 91.0 | 90.8 | 83.6 |
| Percentage grades awarded at A* = | 28 | 34.5 | | | |

International Baccalaureate

40+ points = 2 candidates out of 10, 20% [Target set at October 2010 – 20%]

35+ points = 6 candidates out of 10, 80% [Target set at October 2010 – 100%]

24+ points = 2 candidates out of 10, 100% [No target set at October 2010]

An average point's score of 36 points compares extremely favourably with independent school providers. All candidates gained places at Russell Group universities, bar one who deferred for a year. We are pleased to have met our targets.

A-level Targets set with Governors, October 2010

A*-B = 90-95%

A* = 25-30%

University admissions

| | |
|----------------|-----------------------------------------------------------------------------------------------------------------|
| Oxbridge | 23 successful candidates = 16.9% (3 year average 2008-2010 of 16.7%*) |
| Medical School | 16 successful candidates = 11.7% |
| Russell Group | 104 successful candidates = 63.42% (Russell group does not include Durham, Bath, York, Swansea or Loughborough) |

*data supplied by The Sutton Trust (2011) Degrees of Success: University Chances by Individual School

Inspection

The English Department underwent a subject-level Inspection in June this year and achieved a Grade 1 (Outstanding) judgement. This was in line with the predecessor school's overall performance in June 2010 when it achieved Grade 1 overall in a Section 5 whole school Inspection. We anticipate an Inspection of boarding in the next year, possibly with no notice.

Capital Bid and Independent Fund-raising

The school successfully applied to the YPLA for the funding of capital projects capable of completion by the end of March 2012 (Academies Capital Maintenance Fund). This was a scheme open only to those Academy Converters which opened before 1 May 2011. We were successful in funding for:

- Completion of the Refectory dining hall project
- Main school roof refurbishment

We obtained £700,000 funding for the Refectory and £190,000 for the maintenance of the main school roof.

The School's Development Board has reported to Governors that it has raised £400,000 from private donations and grants from trusts. This funding currently rests with The Reading Foundation.

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

Academy Trust and Foundation Development Day, Saturday 9 July, 2011

Governors and trustees were presented with ideas and plans for marketing the School, preparing for further fundraising projects and improving facilities in line with the Master plan. The Master Plan was authorised by English Heritage in 2008 and provides a 10-15 year blueprint for refurbishment, renewal and rebuilding of many parts of the school site in a structured and logical manner. Phase one consists of the Refectory, whilst Phase two and Phase three envisage that Sport and Science accommodation and facilities are re-developed. Governors and trustees were shown options for development and improvement of both areas. A group of Year 10 students provided some excellent visual graphics based on work they themselves had done in researching the different possibilities. The Principal is currently leading on a consultation process with staff prior to presentation of Feasibility Studies to Governors in December.

Boarding

A concerted drive has been made to increase numbers of students in boarding. Open afternoons have been held with parents attending with their sons for tours of the boarding houses led by students and housemasters. A new boarding prospectus has been produced and a marketing strategy devised to help with public relations with feeder schools and improved media coverage. Our overall boarding roll is now up to 70, from 60 twelve months ago.

Sunday Times State Secondary School of the Year, 2011

As Best State Secondary School of the Year we earned a place amongst the most prestigious academic institutions in the country. The coverage in the associated Parent Power article focused on our examination successes and on the strongly supportive environment the School has created. It made it clear that this was largely due to the strength of the boarding community at its core.

Sporting and Musical Achievements

The 1st XI in Cricket enjoyed a highly successful season, prior to their departure to the West Indies for this summer's tour. They also performed well against the MCC in the annual fixture winning by 9 wickets, with one student taking 5 wickets in a single innings and another scoring 212 runs.

The year's House Music Competition, in its new venue at Reading Town Hall, was one of the best in recent years. All who attended were impressed at the surroundings and the quality of back-up we received from Town Hall staff.

The Reading School chess team qualified for the national finals and finished as runners up.

Impact of Activities & Events and Assessment of Public Benefit

Reading School continues to be one of the highest performing state schools in the country.

We pride ourselves as an academy on our commitment to sustain a high academic tradition and a willingness to embrace change if it is in the interests of our students to do so. We regularly attract over 550 applications for day places at the school at Year 7 and a further 30-40 for boarding places also at Year 7.

We are committed to serving our local community and this is demonstrated by our support for a local Pakistani Saturday morning school known as the Community Education Trust and the running of a Gifted and Talented Academy for Year 5 and 6 pupils in local primary schools. Most leavers gain admission to leading Universities. The range of our feeder schools is diverse geographically. Our student population is ethnically and socially diverse with 22% of students coming from ethnic minorities.

GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011

FINANCIAL REVIEW**Financial Outcome of Activities & Events**

The Academy's Statement of Financial Activities for the year includes adjustments to reflect the gifting of fixed assets from Reading School at the point of conversion, capital income, depreciation and pension scheme adjustments, all of which are figures not included when operational budgets are agreed with the Young People's Learning Agency (YPLA). The operating surplus, excluding such adjustments for the accounting period ending 31 August 2011 was £162,243.

For accounting purposes the boarding department is fully integrated within the Academy financial statements with income and expenditure showing under unrestricted funds.

Most of the Academy's income comes from the YPLA in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Academy also received a small grant for capital works from the YPLA. This grant, together with the fixed assets gifted at the time of conversion, is shown as income within the fixed assets funds. The fixed assets fund balances are reduced by annual depreciation charges over the expected useful lives of the fixed assets concerned.

At 31 August 2011, the net book value of assets was £10,524,094. Of this £263,484 relates to construction work in progress on the Refectory which commenced in July 2011. This project is due for completion in 2011/12.

Reserves Policy

The Governors' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The Governors intend to review the reserves policy annually to ensure that this aim can be achieved.

At the balance sheet date, the charitable company had free reserves of £160,510.

The Governors intend to utilise these reserves in the near future to improve the infrastructure of the school's premises that were originally inherited from the local authority.

Investments Policy

The Governors' investment powers are set down in the charitable company's Memorandum and Articles of Association which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The charitable company's current policy is to invest surplus funds in short-term cash deposits. The period of time required to agree and transfer the cash balances from the predecessor school, together with the funding changes resulting from the main-streaming of the previous standards fund grants from April 2011, led to cash flow uncertainties and the Governing Body agreed to all cash balances being held in current accounts over the accounting period. This agreement was given on the basis that available deposit interest rates were minimal. Therefore for the period ended 31 August 2011 the charitable company's cash balances generated an average income return of 0%.

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

PLANS FOR FUTURE PERIODS

Future Strategy

The future development of Reading School is contained within the Academy Development Plan 2011, approved by the Governing Body

We have a shared vision of a School which aims at, achieves and sustains excellence in all that it does

Reading School students will fulfil their academic, sporting or artistic potential. They will go on consistently to make a worthwhile and responsible contribution to society. This will be shaped by a School which values all its students and staff and aims to provide, for the benefit of both, excellent teaching, excellent resources and fulfilling opportunities. Supporting learners will continue to be at the heart of our vision and other priorities flow from and feed into this core, moral purpose. We aspire to excel in our provision of teaching, learning and care. To do this we foresee a need to

- 1 Sustain our excellent levels of value added in teaching and learning,
- 2 Develop our associate staff so that they can properly support the work of our teachers, and
- 3 Improve the quality of day-to-day life in the school upgrading key facilities radically and urgently

Future Activities & Events

Academic Aims

Reading School is outstandingly successful when measured by examination results and the successful placement of leaving students in their chosen universities and occupations. The Governing Body aims to maintain this success. Additionally the Governing Body aims to

- Continue to address the needs, academic and pastoral, of students who are falling behind in their academic performance or behaviour
- Continue to provide and extend the range of cultural and sporting opportunities available to students with particular attention to the needs of boarders
- Review the educational benefit and cost effectiveness of subjects attracting low numbers and to develop collaborations with other schools to ensure the preservation of such subjects
- Continue to expand sixth form entry of qualified students from other schools
- Respond to a feasibility study, already underway, to improve the science and sports provision and facilities at the School following the construction of the refectory

Learning and teaching environment, property and development

The Governing Body aims to

- Continue the improvement of the school buildings and site already underway in collaboration with The Reading Foundation, the owners of the site
- Continue to raise donations from parents, alumni and others to fund school developments in particular science laboratories and sports provision
- To develop the Morgan Road playing field, owned by the Governors for the use of the School and as a community facility for sports

**GOVERNORS' ANNUAL REPORT
for the period ended 31 August 2011**

Impact of Future Activities & Events

The targets set by Governors are encapsulated in the Academy Development Plan, 2011, which is regularly assessed by Governing Body Committees the Full Governing Body and is modified and updated as required

Public Benefit

Reading School students will fulfil their academic, sporting or artistic potential. They will go on consistently to make a worthwhile and responsible contribution to society. This will be shaped by a School which values all its students and staff and aims to provide, for the benefit of both, excellent teaching, excellent resources and fulfilling opportunities. Supporting learners will continue to be at the heart of our vision and other priorities flow from and feed into this core, moral purpose. We aspire to excel in our provision of teaching, learning and care.

FUNDS HELD AS CUSTODIAN

Reading School holds funds as agent on behalf of parents in relation to the running of education visits and on behalf of staff as custodian of the Common Room fund. Educational visits are run on a non-profit basis with material surpluses being refunded to parents on the completion of the visit. Contributions from staff to the Common Room fund are disbursed under the instruction of the Common Room committee.

This report was approved by the Governing Body on 5 December 2011 and was signed for and on behalf of the board by


Chair of Governors
Dr P C H Mitchell

5 December 2011

**STATEMENT ON INTERNAL CONTROL
for the period ended 31 August 2011**

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal 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 Reading School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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 on-going process designed to identify and prioritise the risks to the achievement of Reading School's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Reading School for the period ended 31 August 2011 and up to the date of approval of the governors' annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Reading School is exposed together with the operating financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is in the process of implementing a formal on-going process for identifying, evaluating and managing the school's significant risks. However, this was not fully in place as at 31 August 2011, specifically with regard to the enhanced role of the Responsible Officer. Whilst the Governing Body recognises the importance of full implementation of the role, they are satisfied that adequate controls have been in place from the creation of the academy to date.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and Property Committees 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, and
- identification and management of risks

**STATEMENT ON INTERNAL CONTROL
for the period ended 31 August 2011**

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mrs Laura Spearing, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and overseeing the performance of a range of checks on the Reading School's financial systems. It is planned that going forward, on a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period ended 31 August 2011, this review has been informed by

- the work of the external auditor,
- the financial management and governance self assessment process, and
- the work of the executive managers within the Reading School 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 ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 5 December 2011 and signed on its behalf by



Chair of Governors

Dr P C H Mitchell

5 December 2011

Principal & Accounting Officer

Mr J I Weeds

5 December 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READING SCHOOL

We have audited the financial statements of Reading School for the period ended 31 August 2011 on pages 17 to 37. 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 2010/11 issued by the Young People's Learning Agency).

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Statement of Governors' Responsibilities set out on page 5, the Governors (who are the trustees of the charity for the purposes of charity law and also the directors of the company 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 AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006 and
- have been prepared in accordance with the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency.

OPINION ON OTHER MATTER

In our opinion grants made by the Department for Education have been applied for the purposes intended.

OPINION ON OTHER REQUIREMENTS OF THE COMPANIES ACT 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READING SCHOOL (Continued)

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

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

Baker Tilly UK Audit LLP

Kevin Barwick (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Springpark House
Basing View
Basingstoke
Hampshire RG21 4HG

20 December 2011

STATEMENT OF FINANCIAL ACTIVITIES
(including Income & Expenditure Account)
for the period ended 31 August 2011

| | Notes | <u>Eight Month Period Ended 31 August 2011</u> | | | |
|----------------------------------------------------------------------------------------|-------|------------------------------------------------|------------------|-------------------|---------------------|
| | | Unrestricted Funds | Restricted Funds | | Total 2011 |
| | | | General | Fixed Assets | |
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 258,158 | (256,978) | 10,466,063 | 10,467,243 |
| Activities for generating funds | 3 | 9,339 | - | - | 9,339 |
| Investment income | 4 | 8,400 | - | - | 8,400 |
| Incoming resources from charitable activities | | | | | |
| School operating income | 5 | 265,993 | 2,953,156 | - | 3,219,149 |
| TOTAL INCOMING RESOURCES | | <u>541,890</u> | <u>2,696,178</u> | <u>10,466,063</u> | <u>13,704,131</u> |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | | | | | |
| School operating costs | 6 | 361,380 | 2,810,616 | 190,643 | 3,362,639 |
| Governance costs | 7 | - | 27,064 | - | 27,064 |
| TOTAL RESOURCES EXPENDED | | <u>361,380</u> | <u>2,837,680</u> | <u>190,643</u> | <u>3,389,703</u> |
| NET INCOMING/(OUTGOING) RESOURCES & NET INCOME/(EXPENDITURE) FOR THE PERIOD | | <u>180,510</u> | <u>(141,502)</u> | <u>10,275,420</u> | <u>10,314,428</u> |
| TRANSFERS | | | | | |
| Gross transfers between funds | | - | (228,674) | 228,674 | - |
| OTHER RECOGNISED GAINS/LOSSES | | | | | |
| Actuarial losses on defined benefit pension schemes | 15 | - | (14,000) | - | (14,000) |
| NET MOVEMENT IN FUNDS | | <u>180,510</u> | <u>(384,176)</u> | <u>10,504,094</u> | <u>10,300,428</u> |
| RECONCILIATION OF FUNDS | | | | | |
| Fund balances brought forward at 21 December 2010 | | - | - | - | - |
| FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2011 | 16 | <u>180,510</u> | <u>(384,176)</u> | <u>10,504,094</u> | <u>£ 10,300,428</u> |

The net movement in funds for the period arises from the charitable company's continuing operations

No separate statement of total recognised gains and losses has been presented as all such gains and losses are dealt within the statement of financial activities

CASH FLOW STATEMENT
for the period ended 31 August 2011

| | <u>Eight Month Period</u> <u>Ended 31 August 2011</u> |
|-------------------------------------------------------|----------------------------------------------------------|
| Notes | |
| NET CASH FLOW FROM OPERATING ACTIVITIES | |
| Net incoming resources and net income for the period | 10 314 428 |
| Depreciation | 190 643 |
| Investment income receivable | (8 400) |
| Non-cash movement – Inherited fixed assets | (10,404,291) |
| Actuarial loss on defined benefit pension scheme | (14 000) |
| Increase decrease in debtors | (295,564) |
| Increase in creditors due within one year | 734,282 |
| Increase in creditors due after more than one year | 28 500 |
| Increase in defined benefit pension scheme liability | 475 000 |
| | <u>1,020,598</u> |
| RETURNS ON INVESTMENT AND SERVICING OF FINANCE | |
| Investment income received | 8,400 |
| CAPITAL EXPENDITURE | |
| Payments to acquire tangible fixed assets | (310,446) |
| INCREASE IN CASH | <u>£ 718 552</u> ===== |
| | 9 & 10 |

BALANCE SHEET
as at 31 August 2011

Company number 07475515

| | Notes | 2011 |
|-----------------------------------------------------------------------------------------------|-------|------------------------------|
| FIXED ASSETS | | |
| Tangible assets | 11 | 10 524 094 |
| CURRENT ASSETS | | |
| Debtors | 12 | 295,564 |
| Cash at bank and in hand | | 718,552 |
| | | <u>1,014,116</u> |
| LIABILITIES | | |
| Creditors Amounts falling due within one year | 13 | 734,282 |
| NET CURRENT ASSETS | | <u>279 834</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>10,803 928</u> |
| Creditors Amounts falling due after more than one year | 14 | 28,500 |
| TOTAL ASSETS LESS CURRENT LIABILITIES & NET ASSETS EXCLUDING PENSION LIABILITY | | <u>10,775,428</u> |
| Defined benefit pension scheme liability | 15 | 475,000 |
| NET ASSETS INCLUDING PENSION LIABILITY | | <u>£ 10,300 428</u> ===== |
| THE FUNDS OF THE CHARITY | | |
| Restricted fixed assets funds | 16 | 10 504,094 |
| Restricted general funds | 16 | (384,176) |
| Unrestricted income funds | 16 | 180,510 |
| TOTAL CHARITY FUNDS | 17 | <u>£ 10,300 428</u> ===== |

The financial statements on pages 17 to 37 were approved by the Governors and authorised for issue on 5 December 2011 and are signed on their behalf by



Chair of Governors

Dr P C H Mitchell

5 December 2011

Financial statements for the period ended 31 August 2011

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared to comply with current statutory requirements (principally being the Companies Acts 1985 to 2006, the Charities Acts 1993 and 2006, and the Charity (Accounts and Reports) Regulations 2008), under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice. The recommendations and guidance in *Academies Accounts Direction 2010/11* issued by the Young People's Learning Agency in August 2011 and in *Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005)* issued by the Charity Commission in March 2005 have been followed.

INCOMING RESOURCES

Grants receivable for tuition and other wider educational activities, other operating income, rental income, and investment income are accounted for on an accruals basis. Income is recognised as receivable and excluding any relevant Value Added Tax when earned by the charitable company.

General donations and other similar types of voluntary income are brought into account when received, except that donated income is included gross of any attributable tax recoverable, where relevant. Donated assets, donated services and gifts in kind are recognised in the statement of financial activities at their fair value to the charitable company in the period in which they are receivable, and where the benefit to the charitable company is both quantifiable and material.

All sources of income given for specific purposes are treated as restricted income.

RESOURCES EXPENDED

Expenditure is recognised in the period in which the rights and obligations that relate to goods received by or services performed for the charitable company are materially fulfilled, with the relevant liability to pay the suppliers concerned being recognised as a liability. Resources expended are therefore generally recognised in the period in which they are incurred and include any elements of irrecoverable Value Added Tax.

Resources expended are allocated to the charitable company's principal activity to the costs of generating funds or to governance costs where the costs involved can be identified as being directly related to those categories. All other costs are categorised as support costs and are allocated in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Governance costs are the costs associated with running the charitable company as a charitable company and in particular include professional fees in respect of advice on such matters.

TAXATION

The charitable company is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for United Kingdom corporation tax purposes. Accordingly, the charitable company 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.

Financial statements for the period ended 31 August 2011**ACCOUNTING POLICIES**

TANGIBLE FIXED ASSETS

All tangible assets purchased that have a cost that exceeds £1,000 and an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

| | |
|--------------------------|----------------------|
| Long leasehold buildings | - over 5 to 50 years |
| Plant and machinery | - over 3 to 10 years |

PENSION CONTRIBUTIONS

The charitable company participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes.

The Teachers' Pensions Scheme is administered by the Teachers' Pensions Agency. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme. The amount charged to the statement of financial activities in respect of pension costs is the total contributions payable for the period.

The charitable company is, however, able to identify its share of the underlying assets and liabilities of the Local Government Pension Scheme, and therefore, the accounting principles relevant to defined benefit pension schemes are applicable. The amount charged to the statement of financial activities in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme are treated as finance income or cost for the period.

Full actuarial valuations, carried out by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme are measured at fair value, and the underlying liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the charitable company has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the charitable company's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the statement of financial activities.

LEASED ASSETS AND OBLIGATIONS

In respect of leases that are 'operating leases', the annual rentals are charged to the statement of financial activities on a straight line basis over the lease term.

Financial statements for the period ended 31 August 2011

ACCOUNTING POLICIES

FUND ACCOUNTING

The general fund comprises the accumulated surpluses of unrestricted incoming resources over resources expended, which are available for use in furtherance of the general objectives of the charitable company

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the Governors. The use of designated funds remains at the discretion of the Governors

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements. Amounts unspent at the year end are carried forward in the balance sheet

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

Eight Month Period
Ended 31 August 2011

| | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1 | GENERAL ANNUAL GRANT (GAG) | |
| a | Results and carry forward for the period | |
| | GAG brought forward from previous period | - |
| | GAG allocation for the current period | 2,618,764 |
| | | <hr/> |
| | Total GAG available to spend | 2,618,764 |
| | Recurrent expenditure from GAG | (2,473,904) |
| | Fixed assets purchased from GAG | (143,127) |
| | | <hr/> |
| | GAG carried forward to the next year | 1,733 |
| | | <hr/> |
| | Maximum permitted GAG carry forward at the end of current period (12% of allocation for current period) | (314,252) |
| | | <hr/> |
| | GAG surrender to Department of Education (12% rule breached if result is positive) | £ (312,519) |
| | | ===== |
| | | (no breach) |
| b | Use of GAG brought forward from previous period for recurrent purposes | |
| | (Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes) | |
| | | <hr/> |
| | Recurrent expenditure from GAG in current period | 2,473,904 |
| | GAG allocation for current period | (2,618,764) |
| | GAG allocation for previous period x 2% | - |
| | | <hr/> |
| | GAG brought forward from previous period in excess of 2% used on recurrent expenditure in current period (2% rule breached if result is positive) | £ (144,860) |
| | | ===== |
| | | (no breach) |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

| | | <u>Eight Month Period Ended 31 August 2011</u> | | |
|----------|------------------------------------------------|------------------------------------------------|------------------------------------|----------------------|
| | | <u>Unrestricted</u> | <u>Restricted Funds</u> | <u>Total</u> |
| | | <u>Funds</u> | <u>General</u> <u>Fixed Assets</u> | <u>2011</u> |
| 2 | VOLUNTARY INCOME | | | |
| | Assets & liabilities inherited upon conversion | | | |
| | Agreed cash settlements | 135,291 | 153,371 | - 288,662 |
| | Fixed assets inherited | - | - 10,404,291 | 10,404,291 |
| | Local government pension scheme deficit | - | (434,000) | - (434 000) |
| | Contributions from The Reading Foundation | - | 23 651 | 61,772 85,423 |
| | Other donation income | 122 867 | - | - 122,867 |
| | | <u>258 158</u> | <u>(256 978)</u> <u>10 466 063</u> | <u>£ 10 467 243</u> |
| | | ===== | ===== | ===== |
| 3 | ACTIVITIES FOR GENERATING FUNDS | | | |
| | Sundry lettings and hire of facilities | 9 339 | - | - £ 9 339 |
| | | ===== | ===== | ===== |
| 4 | INVESTMENT INCOME | | | |
| | Rent receivable under operating leases | 8 400 | - | - £ 8 400 |
| | | ===== | ===== | ===== |
| 5 | SCHOOL OPERATING INCOME | | | |
| | Core academy funding | | | |
| | General Annual Grant (GAG) – see note 1 | - | 2,618,764 | - 2 618 764 |
| | Other government funding | | | |
| | Rates and insurance income | - | 55,113 | - 55 113 |
| | Standards fund income | - | 216 713 | - 216 713 |
| | Academy set up grant | - | 25,000 | - 25,000 |
| | Capital formula allocations | - | 29,830 | - 29 830 |
| | Other activity funding | - | 7 736 | - 7 736 |
| | Other school income | 265 993 | - | - 265 993 |
| | | <u>265,993</u> | <u>2,953,156</u> | <u>- £ 3,219,149</u> |
| | | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

| Eight Month Period Ended 31 August 2011 | | | | |
|------------------------------------------------|-------------------------------|-------------------------|---------------------|-----------------------|
| | Unrestricted Funds | Restricted Funds | | Total 2011 |
| | | General | Fixed Assets | |
| 6 SCHOOL OPERATING COSTS | | | | |
| Direct costs | | | | |
| Teaching – staff costs | 34 852 | 1 890 420 | - | 1,925,272 |
| Teaching – other costs | 53 993 | 321 869 | - | 375 862 |
| Welfare – staff costs | 32 745 | - | - | 32 745 |
| Welfare – other costs | 101,775 | 141,746 | - | 243 521 |
| Premises – staff costs | - | 69 129 | - | 69 129 |
| Premises – other costs | 98,496 | 148,936 | - | 247 432 |
| | <u>321,861</u> | <u>2,572,100</u> | <u>-</u> | <u>2,893 961</u> |
| Support costs – see note 7 | 39,519 | 238,516 | 190,643 | 468,678 |
| | <u>361 380</u> | <u>2 810 616</u> | <u>190 643</u> | <u>£ 3 362 639</u> |
| | ===== | ===== | ===== | ===== |

| Eight Month Period Ended 31 August 2011 | | | |
|------------------------------------------------|---------------------------|---------------|-----------------------|
| | Support Governance | | Total 2011 |
| | costs | costs | |
| 7 SUPPORT AND GOVERNANCE COSTS | | | |
| Staff costs | 196,128 | - | 196,128 |
| Depreciation – owned assets | 190 643 | - | 190 643 |
| Auditor's remuneration | | | |
| Audit fees | - | 8,500 | 8,500 |
| Accountancy and advisory services | 1 250 | 1 250 | 2 500 |
| Operating lease rentals | | | |
| Plant and machinery | 326 | - | 326 |
| Legal and professional fees | 24 602 | 17,284 | 41 886 |
| Pension scheme – other finance expenses | 14 000 | - | 14 000 |
| Other costs | 41,729 | 30 | 41 759 |
| | <u>468,678</u> | <u>27,064</u> | <u>£ 495,742</u> |
| | ===== | ===== | ===== |

The charitable company strives to analyse expenditure as direct costs when transactions are being processed, but thereafter allocates support costs on the basis of estimated stafftime involved

Included within auditor's remuneration are amounts payable to Baker Tilly UK Audit LLP in respect of audit services of £8 500 and amounts payable to Baker Tilly Tax and Accounting Limited in respect of accountancy and advisory services of £2,500

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

Eight Month Period
Ended 31 August 2011

8 STAFF COSTS

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| | No |
| The average monthly number of persons employed by the charitable company (excluding Governors) during the period, expressed as full time equivalents, was as follows | |
| Teaching | 64 |
| Welfare | 2 |
| Premises | 4 |
| Support | 17 |
| | <u>87</u> |
| | ===== |
| | £ |
| Staff costs for the above persons | |
| Wages and salaries | 1,818,424 |
| Social security costs | 143,469 |
| Pension costs - defined benefit schemes | |
| Teachers' Pension Scheme | 201,792 |
| Local Government Pension Scheme | 59,588 |
| | <u>£ 2,223,273</u> |
| | ===== |

GOVERNORS' REMUNERATION AND EXPENSES

In addition to being the accounting officer (and also a Governor), Mr J I Weeds is the Principal of Reading School. In respect of his role as Principal, during the period, Mr J I Weeds received emoluments for qualifying services amounting to £46,842, and the charitable company incurred pension costs of £6,610 in respect of the pension benefits accruing to him.

No other member of staff received total emoluments in excess of £60,000 during the period.

None of the Governors received any remuneration for services as a trustee of the charity or as a director of the company during the current period. None of the Governors received reimbursement for expenses incurred in relation to the charitable company during the period.

GOVERNORS' AND OFFICERS' INSURANCE

The school has taken out a combined insurance policy that includes buildings and contents insurance, employer's liability insurance and at no additional cost, professional indemnity insurance cover for the academy (including Governors, trustees and teaching and administrative staff) for liability arising from negligent acts, errors and omissions committed in good faith, notified during the insurance period. Cover is provided up to an aggregate limit of £2,000,000 in the insurance year. The cost of this total insurance package during the period was £36,749.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

Eight Month Period
Ended 31 August 2011

**9 RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

| | |
|------------------------------------|---------------------------|
| Increase in cash in the period | 718,552 |
| Other non-cash changes | - |
| CHANGE IN NET FUNDS | <u>718,552</u> |
| Net funds at 21 December 2010 | - |
| NET FUNDS AT 31 AUGUST 2011 | <u>£ 718,552</u> ===== |

10 ANALYSIS OF CHANGES IN NET FUNDS

| | 21 December 2010 | Cash flows | Other non-cash changes | 31 August 2011 |
|-----------------------|-----------------------------|-------------------------|---------------------------------------|---------------------------|
| Cash in hand, at bank | - | 718,552 | - | 718,552 |
| NET FUNDS | <u>£ -</u> ===== | <u>718,552</u> ===== | <u>-</u> ===== | <u>£ 718,552</u> ===== |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

11 TANGIBLE ASSETS

| | Freehold land | Long leasehold buildings | Assets in the course of construction | Plant and machinery | TOTAL |
|----------------------|------------------|--------------------------------|--------------------------------------------|------------------------|--------------|
| Cost | | | | | |
| 21 December 2010 | - | - | - | - | - |
| Additions | 150,000 | 10,000,000 | 263,484 | 301,253 | 10,714,737 |
| 31 August 2011 | 150,000 | 10,000,000 | 263,484 | 301,253 | 10,714,737 |
| Depreciation | | | | | |
| 21 December 2011 | - | - | - | - | - |
| Charge in the period | - | 143,816 | - | 46,827 | 190,643 |
| 31 August 2011 | - | 143,816 | - | 46,827 | 190,643 |
| Net book value | | | | | |
| 31 August 2011 | 150,000 | 9,856,184 | 263,484 | 254,426 | £ 10,524,094 |
| | ===== | ===== | ===== | ===== | ===== |

The freehold land and long leasehold buildings inherited by the charitable company upon conversion were valued at £10,150,000 on a depreciated replacement cost basis by Dunston and Morton, Chartered Surveyors and Commercial Property Consultants

| | |
|-----------------------------------------------------|--------------|
| The cost of the above tangible assets was funded by | £ |
| Fixed assets inherited upon conversion | 10,404,291 |
| General Annual Grant | 143,127 |
| Capital grants | 85,547 |
| Voluntary income from The Reading Foundation | 61,772 |
| Unrestricted income from the general fund | 20,000 |
| | £ 10,714,737 |
| | ===== |

2011

12 DEBTORS

| | |
|-------------------------------------|-----------|
| Amounts falling due within one year | |
| Trade debtors | 188,345 |
| Other debtors | 101,470 |
| Prepayments and accrued income | 5,749 |
| | £ 295,564 |
| | ===== |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

| | 2011 |
|----------------------------------------------------------------------------------------|------------------|
| 13 CREDITORS | |
| Amounts falling due within one year | |
| Trade creditors | 214,006 |
| Other creditors | 75,231 |
| Accruals | 237,682 |
| Deferred income – Other school income received in advance for the Michaelmas Term 2011 | 207,363 |
| | <u>£ 734,282</u> |
| | ===== |

| | |
|----------------------------------------------|----------|
| 14 CREDITORS | |
| Amounts falling due after more than one year | |
| Other creditors | £ 28,500 |
| | ===== |

15 PENSION COMMITMENTS

The charitable company participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries.

Teachers' Pension Scheme

The Teachers' Pensions Scheme is administered by the Teachers' Pensions Agency. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme. The amount charged to the statement of financial activities in respect of pension costs is the total contributions payable for the year as shown in note 8.

The Teachers' Pensions Scheme is valued formally not less than every four years by the Government Actuary in the United Kingdom, the last available valuation being carried out at 31 March 2004 using normal actuarial principles. The following key actuarial assumptions were used:

| | |
|----------------------------------|------|
| Gross rate of return | 6.5% |
| Real rate of return in excess of | |
| Prices | 3.5% |
| Earnings | 2% |
| Real rate of earnings growth | 1.5% |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

15 PENSION COMMITMENTS (Continued)

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual participating employers. The 2004 valuation was reported by the Government Actuary in October 2006 and the fair value of the scheme's assets was £163,240 million and the estimated present value of the scheme's liabilities was £166,500 million.

Local Government Pension Scheme

The charitable company is, however, able to identify its share of the underlying assets and liabilities of the Local Government Pension Scheme, and therefore, the accounting principles relevant to defined benefit pension schemes are applicable. The amount charged to the statement of financial activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme are treated as finance cost for the year.

Full actuarial valuations, carried out by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme are measured at fair value, and the underlying liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the charitable company's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the statement of financial activities.

The latest actuarial valuation on 31 March 2010 has been updated to take account of the requirements of Financial Reporting Standard 17 Retirement Benefits in order to assess the liabilities of the scheme as at 31 August 2011. Scheme assets are stated at their fair value.

The employer contribution rate has been set at 19.7% of pensionable salary with an equivalent employee contribution rate which is variable by salary and by employee. On that basis, the anticipated employer payments required to be made to the scheme in the coming year will amount to £95,089.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

15 **PENSION COMMITMENTS (Continued)**

The major assumptions used by the actuary were

**At 31 August
2011**

| | |
|-----------------------------------------|-------|
| Rate of increase in salaries | 4.65% |
| Rate of increase in pensions in payment | 2.6% |
| Discount rate | 5.4% |
| Inflation assumption - rpi | 3.4% |
| - cpi | 2.6% |
| | ===== |

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

**At 31 August
2011**

| | |
|------------------------|-------|
| Retiring today – | |
| Males | 22.6 |
| Females | 25.2 |
| Retiring in 20 years – | |
| Males | 24.0 |
| Females | 26.8 |
| | ===== |

The assets in the scheme and the expected rate of return were:

| | Expected return on total assets at 31 August 2011 | Value at 31 August 2011 | |
|-------------------------------------|----------------------------------------------------------------------|----------------------------------------|----------|
| | | £'000 | % |
| Equities | 6.6% | 164 | (34%) |
| Bonds | 5.4% | 131 | (27%) |
| Property | 4.6% | 34 | (7%) |
| Cash | 3.0% | 19 | (4%) |
| Alternative assets | 5.0% | 135 | (28%) |
| Total market value of assets | | 483 | |
| Present value of scheme liabilities | | (958) | |
| Deficit in the scheme | | £ (475) | |
| | | ===== | |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

15 PENSION COMMITMENTS (Continued)

Eight Month Period
Ended 31 August 2011
£'000

Analysis of the amount charged to the statement of financial activities -

| | |
|---------------------------|------|
| As staff costs | |
| Current service cost | 52 |
| Past service cost | 4 |
| Losses on curtailments | 3 |
| Total operating charge | 59 |
| As investment income | |
| Expected return on assets | (14) |
| Interest on liabilities | 28 |
| Other finance expense | 14 |
| Total pension costs | £ 73 |

====

The net actuarial gains for the current period end to date are recognised in the statement of financial activities

Eight Month Period
Ended 31 August 2011
£'000

Analysis of changes in the present value of defined benefit obligations

| | |
|-------------------------------------|-----|
| Opening defined benefit obligations | - |
| Upon conversion to academy status | 849 |
| Members' contributions | 18 |
| Current service cost | 52 |
| Past service cost | 4 |
| Losses on curtailments | 3 |
| Interest on liabilities | 28 |
| Actuarial experience losses | 4 |
| Benefits paid | - |

Closing defined benefit obligations £ 958

====

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

15 **PENSION COMMITMENTS (Continued)**

Eight Month Period
Ended 31 August 2011
£'000

| | |
|------------------------------------------------------------------|---------|
| Analysis of changes in the fair value of plan assets | |
| Opening fair value of assets | - |
| Upon conversion to academy status | 415 |
| Employer contributions | 46 |
| Members' contributions | 18 |
| Expected return on assets | 14 |
| Actuarial experience losses | (10) |
| Benefits paid | - |
| Closing fair value of assets | £ 483 |
| | ===== |
| The actual return on plan assets was £11,000 | |
| Amounts for the period | |
| Plan assets at fair value | 483 |
| Defined benefit obligation | (958) |
| Deficit | £ (475) |
| | ===== |
| Experience adjustments on plan assets | £ (10) |
| | ===== |
| Experience adjustments on plan liabilities | £ 4 |
| | ===== |
| Reconciliation of the movement in scheme deficit over the period | |
| Deficit in scheme at the beginning of the period | - |
| Upon conversion to academy status | (434) |
| Movements in year | |
| Current service cost | (52) |
| Past service cost | (4) |
| Losses on curtailments | (3) |
| Employer contributions | 46 |
| Other finance expenses | (14) |
| Actuarial loss | (14) |
| Deficit in scheme at the end of the period | £ (475) |
| | ===== |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

16 **THE FUNDS OF THE CHARITY**

| | 21 December 2010 | Incoming resources | Outgoing resources | Actuarial losses | Transfers between funds | 31 August 2011 |
|------------------------------------------|---------------------|-----------------------|-----------------------|---------------------|-------------------------------|-------------------|
| Restricted fixed assets funds. | | | | | | |
| Inherited fixed assets fund | - | 10,404,291 | (188 104) | - | - | 10,216 187 |
| General Annual Grant fixed assets fund | - | - | (2,539) | - | 143,127 | 140,588 |
| The Reading Foundation fixed assets fund | - | 61,772 | - | - | - | 61,772 |
| Capital grants fixed assets fund | - | - | - | - | 85,547 | 85 547 |
| | - | 10 466 063 | (190 643) | - | 228 674 | 10,504 094 |
| Restricted general funds | | | | | | |
| The Reading Foundation revenue fund | - | 23,651 | (23,651) | - | - | - |
| General Annual Grant fund | - | 2,618,764 | (2 473,904) | - | (143,127) | 1,733 |
| LGPS deficit fund | - | (434 000) | (27 000) | (14,000) | - | (475 000) |
| Capital grants fund | - | 183 201 | (15,116) | - | (85 547) | 82 538 |
| Rates and insurance fund | - | 55,113 | (48,560) | - | - | 6 553 |
| Standards fund | - | 216,713 | (216,713) | - | - | - |
| Academy set up grant fund | - | 25,000 | (25 000) | - | - | - |
| Other restricted income fund | - | 7,736 | (7,736) | - | - | - |
| | - | 2,696,178 | (2,837,680) | (14,000) | (228,674) | (384,176) |
| Unrestricted income funds | | | | | | |
| General fund | - | 541,890 | (361,380) | - | - | 180 510 |
| | £ - | 13 704 131 | (3,389 703) | (14 000) | - | £ 10 300 428 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

16 THE FUNDS OF THE CHARITY (Continued)

The Inherited fixed assets fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the freehold and long leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The General Annual Grant fixed assets fund has been set up to recognise the tangible assets purchased by the academy following conversion that have been funded from the General Annual Grant. This fund has been created by a transfer from the General Annual Grant fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.

The Reading Foundation fixed assets fund has been set up to recognise the tangible assets purchased by the academy following conversion that have been funded by capital donation income received from The Reading Foundation which owns the freehold of the land and buildings that have been leased on a long term basis to the academy. This fund has been used to recognise the income received and once the assets involved are completed, depreciation charged on those tangible assets will be allocated to the fund.

The Capital grants fixed assets fund has been set up to recognise the tangible assets purchased by the academy following conversion that have been funded by capital grants received by the academy. This fund has been used to recognise the income received and once the assets involved are completed, depreciation charged on those tangible assets will be allocated to the fund.

The Reading Foundation revenue fund has been set up to recognise donation income received from The Reading Foundation which has been provided to fund specific revenue items. The relevant costs incurred by the academy have been allocated to this fund.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Young People's Learning Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the school. Transfers are made to the Capital grants fixed asset fund for expenditure incurred that is in respect of tangible fixed assets.

The Rates and insurance fund has been created to recognise the restricted funding received from the Department for Education to cover the cost to the academy of rates and insurance.

The Standards fund has been set up to recognise the specific funding received by the academy in relation to its specialist school status. The academy is recognised as a centre of excellence for Humanities, Mathematics and Science. The funds are also utilised to provide support for the wider community via projects such as the Gifted and Talented master classes for local primary schools.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

20 COMMITMENTS UNDER OPERATING LEASES**2011**

At 31 August 2011, the charitable company was committed to make the following payments during the next year under non-cancellable operating leases as follows

In respect of plant and machinery leases -
expiring within two to five years

£ 1 088
=====

21 RELATED PARTY TRANSACTIONS

The charitable company is related to The Reading Foundation, a charitable company registered with the Charity Commission in England and Wales under charity registration number 294640. The Reading Foundation owns the freehold of the land and buildings which comprise the main site for the school that have been leased on a long term basis (125 years from 2011) to the academy. The rent payable under the lease is a peppercorn only, and The Reading Foundation works closely with the academy to determine what capital projects are necessary and to assist with the raising of funds to finance those projects.

Contributions received from The Reading Foundation are disclosed in note 2 to the financial statements.

In addition to the above, owing to the nature of the academy's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is considered inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations would of course be conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

No such transactions have been identified for the period ended 31 August 2011.

22 FUNDS HELD AS CUSTODIAN

Reading School holds funds as agent on behalf of parents in relation to the running of education visits and on behalf of staff as custodian of the Common Room fund. Educational visits are run on a non-profit basis with material surpluses being refunded to parents on the completion of the visit. Contributions from staff to the Common Room fund are disbursed under the instruction of the Common Room committee.

At the balance sheet date, £27,893 of cash was held as custodian.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

16 THE FUNDS OF THE CHARITY (Continued)

The Academy set up grant fund has been created to recognise the restricted grant funding received from the Department for Education to assist with the costs incurred by the school during the process of conversion to academy status

The Other restricted income fund has been created to recognise all sundry sources of restricted income from various sources that are individually immaterial in value. The relevant restricted expenditure is then also recorded through this fund

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Tangible assets | Net current assets | Long term liabilities | Pension scheme liability | Total |
|---------------------------------------------|----------------------------|-----------------------------------|--------------------------------------|-----------------------------------------|------------------------------|
| Restricted fixed assets funds. | | | | | |
| Inherited fixed assets fund | 10,216,187 | - | - | - | 10,216,187 |
| General Annual Grant fixed assets fund | 140,588 | - | - | - | 140,588 |
| The Reading Foundation fixed assets fund | 61,772 | - | - | - | 61,772 |
| Capital grants fixed assets fund | 85,547 | - | - | - | 85,547 |
| Restricted general funds. | | | | | |
| General Annual Grant fund | - | 1,733 | - | - | 1,733 |
| 1 GPS deficit fund | - | - | - | (475,000) | (475,000) |
| Capital grants fund | - | 82,538 | - | - | 82,538 |
| Rates and insurance fund | - | 6,553 | - | - | 6,553 |
| Unrestricted income funds | | | | | |
| General fund | 20,000 | 189,010 | (28,500) | - | 180,510 |
| NET ASSETS | <u>10,524,094</u> ===== | <u>279,834</u> ===== | <u>(28,500)</u> ===== | <u>(475,000)</u> ===== | <u>£ 10,300,428</u> ===== |

18 MEMBERS' LIABILITY

Reading School is an exempt charity and a company limited by guarantee not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

19 CAPITAL COMMITMENTS

At the balance sheet date, the charitable company had capital commitments of £1,026,880 in respect of the refectory building project, and £42,221 in respect of the roof refurbishment project.