

Reading School
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 August 2012



Company Registration No 07475515

Reading School

REFERENCE AND ADMINISTRATIVE DETAILS

GOVERNORS (TRUSTEES)

G Beahan	
S Bowen	(appointed 5 December 2011)
A P Brown	
R Childs	
D R Fisher	
A C Hayes	(terminated 31 March 2012)
R P Huggins	
D A Jubb	
R J Kenwick	
S J Longstaff	(terminated 31 August 2012)
P C H Mitchell	
I L Martin	
S Nortcliff	
M L Parsons	
F J Pointer	(terminated 3 September 2011)
L Spearing	(terminated 9 January 2012)
D J Talbot	(terminated 30 November 2011)
C Toms	
J I Weeds	(terminated 31 August 2012)
R Manghnani	(appointed 1 September 2012)
A M Materlik	(appointed 1 September 2012)
A M Robson	(appointed 1 September 2012)

LEADERSHIP TEAM

DEPUTY HEADTEACHER	A Hardwick	(appointed 1 September 2012)
ASSISTANT HEADTEACHER	J Capon	(appointed 1 September 2012)
ASSISTANT HEADTEACHER	T Harris	
ASSISTANT HEADTEACHER	E Holt	(retired 31 August 2012)
SCHOOL BUSINESS MANAGER	P Richardson	

HEADMASTER AND REGISTERED OFFICE

A M Robson
Reading School
Erleigh Road
Reading
Berkshire, RG1 5LW

COMPANY REGISTRATION NUMBER

07475515 (England and Wales)

INDEPENDENT AUDITOR

Baker Tilly UK Audit LLP
Springpark House
Basing View
Basingstoke
Hampshire, RG21 4HG

BANKERS

HSBC Bank Plc
Thames Valley Commercial Centre
Ground Floor
100 Brook Drive
Green Park
Reading
Berkshire, RG2 6UJ

SOLICITORS

Stone King LLP
13 Queen Street
Bath
Avon, BA1 2HJ

Reading School

GOVERNORS' REPORT

The Governors present their Annual Report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2012

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 principal activity of Reading School is currently to run a secondary day and boarding boys' school located in Reading. Reading School was 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

Additionally, a committee, designated the Chairs Group, comprising the Chair of Governors, the Vice Chair, the Chairs of the above four committees and the Headmaster 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.

Mr David Fisher 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 Headmaster 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 Governing Body in consideration of reports and recommendations from Governors' committees, the Headmaster, and the Business Manager. In addition to the Headmaster and Deputy Headteacher, members of staff attend committee meetings to present reports in their areas of responsibility, for example curriculum development and special educational needs.

Reading School

GOVERNORS' REPORT (continued)

Periodically development away days are 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 Headmaster 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). An Admissions Committee is responsible for approving the Admissions Policy and non-routine admissions.

A committee of Governors with the participation of an external advisor undertakes the annual performance review of the Headmaster 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.

The day-to-day management of Reading School rests with the Headmaster who has overall responsibility for the School. The Headmaster is responsible for establishing a leadership team, including the Business Manager, the Deputy Headteacher and the Assistant Headteachers.

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. Miss A Snow served as Clerk until 31 August 2012. Mr S Vale has been appointed Clerk with effect from 1 September 2012.

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

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, four places on the Governing Body are reserved for parent governors. These places are filled by election, following notification of vacancies and invitation of nominations. All parents and carers of students at the School are eligible to stand and the electorate comprises all parents and carers.

Two places on the Governing Body are reserved for representatives of the Reading Foundation.

Appointments to other vacancies on the Governing Body are made by the Academy Directors. In appointing Governors to these vacancies, there are procedures for reviewing the mix of skills that should be available to the Governing Body. Potential new Governors are required to submit a letter of interest and CV and are interviewed by the Chair of Governors, the Headmaster and one other Governor, before a recommendation for appointment is presented to a meeting of the Academy Directors.

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.

The Governors in post at the time of conversion to Academy status were 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-appointment (or re-election as parent governors if they have a student at the School).

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. With regard to the training of Governors the Chair and Clerk are undertaking a review of training requirements and opportunities which will be implemented in the coming year.

Reading School

GOVERNORS' REPORT (continued)

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 £64,787.

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Governors are responsible for keeping 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.

Reading School

GOVERNORS' REPORT (continued)

Auditor

Baker Tilly UK Audit LLP 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")"

Charitable Activities

The principal activity of Reading School is currently to run a secondary day and boarding boys' school 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 annual Academy Development Plans agreed by the Governors include the key measures needed to assess the success of the activities of the Charitable Company. The Headmaster 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

Reading School

GOVERNORS' REPORT (continued)

Relationships with Related Parties

Reading School has a close working relationship with The Reading Foundation (Registered Charity number 294640) which is landlord of 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"

Representation on Other Bodies

The Headmaster is a trustee of The Reading Foundation. The Governing Body is affiliated to the National Governors' Association.

ACHIEVEMENTS AND PERFORMANCE

Reading School continues to excel in terms of the academic results achieved by its students. In 2012 the School was ranked eighth in the National League tables at A level for all state Schools. Over 93% of A2 examinations undertaken by Year 13 students were awarded A*-B grades. According to the ALPS 2012 Report Biology, Chemistry, Economics, French, History, Mathematics, Physics and Theatre Studies have all performed excellently for three consecutive years, comparable to the benchmark top 25%. Furthermore, the School was ranked above the 90th percentile in the national benchmark indicating outstanding student performance. In addition, over 80% of all GCSE grades were A*-A, placing the School in the top twenty five of all state schools. This represented an improvement on 2011. Especially worthy of note was the performance in Mathematics and Religious Studies.

Review of Activities & Events

Completion of Building and Repair projects

Building of the new School dining hall, known as the Refectory, was completed in April 2012. This has enabled students and staff to enjoy onsite facilities for provision of catering before and after School hours and at lunchtime and break-time. Our boarding community too has benefited from having a single, central venue for breakfast and dinner. The feedback from all customers has been very positive and arrangements for day-to-day usage have bedded down well. The Refectory is open and accessible throughout the School day, and as needed during evenings and weekends, and is a much needed centre for the informal social life of the School for staff, students, parents, Governors and visitors. It is available for local community use.

Roof repairs have been carried out on the main School building, the Chapel and older parts of the Science block. We are now confident that the core buildings are better able to withstand severe weather.

The Refectory and programme of essential repairs were funded through the Academy Capital Maintenance Fund and the ability of the School to obtain funding through this route vindicated the decision by Governors to convert to Academy status.

Building development proposals in Science and Sport

A thorough and lengthy consultation process with students and staff took place this year, following the appointment of David Morley Architects to prepare a Feasibility Report on the future development of facilities for competitive sport, health-related fitness and the teaching of science. The Academy Trust will shortly decide which of the series of options proposed it considers to be the most suitable for further development and submission for planning.

Development Fundraising

The School's fundraising campaign, led by the 1125 Development Board, has focussed on supporting the role of Development Officer and positioning itself to prepare for a major campaign in the academic year 2012-13. It has also diversified its objectives so that fundraising to support students' learning and wider experience has become a more significant part of its remit. A former student of the School has donated £90,000 toward the cost of establishing an endowed fund for the provision of Sixth Form lectures, conferences and debates on current

Reading School

GOVERNORS' REPORT (continued)

affairs and topics in Science, Ethics and the Environment. Additionally it is planned to support the provision of Leadership development programmes for students in both Key Stages 3 and 4 using this funding stream.

Mock Boarding Inspection

The Headmaster arranged for consultants to inspect all aspects of the School's boarding provision in February 2012. As a consequence the focus in the Boarding Development Strategy is now on short, medium and long term objectives to address all aspects of the quality of accommodation. This is vital to ensure successful recruitment of new boarders and a positive outcome from the next inspection, now due in 2012-13.

Partnerships

Our partnerships with schools in China and in European school settings continue to develop and prosper. In the Summer Term we hosted eight students from the Shanghai High School, following a series of exchanges between staff and students throughout 2011-12. In addition, we have organised an exchange project with our Comenius partners in Denmark this year, with students and teachers benefitting from the opportunity to learn from different practices in assessment in European School settings.

Appointment of New Headmaster

Mr Weeds was appointed Headteacher of Cranbrook School in Kent with effect from 1st September 2012. The Governors outsourced the resulting recruitment process for a new Headmaster. The Vice Principal, Mr Ashley Robson, was outstanding in a strong candidate field and Governors appointed Mr Robson to the post of Headmaster from 1 September 2012. Mrs A Hardwick, formerly Assistant Principal, has been appointed Deputy Headteacher from September 2012.

Sporting, Musical and other cultural achievements

This year has been notable for the range and quality of musical offerings by the Music Department. From inter-house music in November to the Year 7 Concert in January, audiences have been treated to an extraordinarily high quality of performance. This culminated in an excellent joint concert with our neighbouring girls' grammar school, Kendrick, in April. Lastly, in May, musicians from Reading School and Abbey School, the local girls' independent school, performed Faure's Requiem at St Giles' Church. In the meantime our 2nd XI in football have become District champions. Our Under 13s in Rugby also became county champions. Our Chess team has once again won through to the finals of the National Schools Championship in July.

Academy Development Plan

This was adopted by the Academy Trust in May 2012 and focussed on Supporting Learners and their Learning, the Teaching and Learning Environment, Enjoyment and Achievement, Development of Staff and Building for the Future. All committees viewed and discussed the Plan in advance of adoption. The Academy continues to place student and staff wellbeing and development at the heart of its vision. An immediate outcome has been the introduction of a robust programme of Continuous Professional Development. The new training schedule has involved numerous staff in leading on particular sessions and aided cross-fertilisation between Support Staff and Teaching Staff. Themes have included Teaching and Learning, Assessment and the Use of Data, Personal and Professional Development, ICT and SEN Skills and Knowledge.

Impact of Activities & Events and Assessment of Public Benefit

We believe in the development of Reading School as a 'World Class School', which nurtures integrity and academic excellence through the development of leadership potential. 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 in the interests of our students. We regularly attract over 600 applications for day places at the School at Year 7 and a further 30-40 for boarding places also at Year 7.

Reading School

GOVERNORS' REPORT (continued)

We are committed to serving our local community and this is demonstrated by our support for a 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. 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. Most Year 13 leavers gain admission to leading Universities.

Financial Outcome of Activities and Events

The year 2011/12 represents the first full year of Academy activity. Comparisons with 2010/11 are of limited use due to the exceptional items relating to the transfer of assets at the time of Academy conversion in February 2011 and the different operating periods – 7 months in 2010/11 as against 12 months in 2011/12.

For accounting purposes the Boarding department is fully integrated within the Academy Financial Statements whereas at operational level Boarding is run entirely separately from the School.

Most of the Academy's income comes from the Education Funding Agency (EFA), formerly 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. In 2011/12 Reading School received an exceptional grant of £890,000 towards the building costs of the Refectory and capital maintenance works to the School roof. This grant is shown as restricted income allocated according to the spend on fixed assets (Restricted Fixed Asset Funds) and capital maintenance (Restricted General Funds). The Academy also received a small annual devolved formula capital grant.

As at 31 August 2012 the net book value of fixed assets was £11,413,878. Of this £1,317,555 relates to the new School Refectory which opened in May 2012.

The operating surplus for 2011/12 was £789,607.

Reserves Policy

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

At the balance sheet date the Charitable Company had free reserves of £242,411 of which £92,787 related to the Boarding Department.

The Governors intend to utilise these reserves to improve the infrastructure of the School and Boarding premises.

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. At present available deposit rates are minimal so the Charitable Company's cash balances generated interest of £1,082 during the accounting period.

Reading School

GOVERNORS' REPORT (continued)

PLANS FOR FUTURE PERIODS

Future Strategy

The future development of Reading School is contained within the Academy Development Plan 2012-13, approved by the Governing Body

We aim for Reading School to be considered a World Class School, one which nurtures integrity and develops leadership potential

Excellence is at the heart of all that we do

We aim for all to

- Be resilient and rise to the challenges of learning and life,
- Be curious and balance logic with imagination,
- Achieve excellence with integrity,
- Value learning for its own sake and for the benefit of others

By using our knowledge and resources to the full, we seek to provide all with opportunities to find and fulfil their potential in today's world and that of the future

Our commitment to equality (Equality Act 2010) We aim to promote cultural understanding between different ethnic groups within our School

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

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 support the work of our teachers and students further,
- 3 Improve the quality of day-to-day life in the School by upgrading key facilities

Future Activities and 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
- Improve the science and sports provision and facilities at the School in the next phase of the Development Masterplan

Reading School

GOVERNORS' REPORT (continued)

Learning and Teaching Environment, Property and Development

The Governing Body aims to

- Continue the improvement of the School buildings and site 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

Impact of Future Activities and Events

The targets set by Governors are encapsulated in the Academy Development Plan 2012-13 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, 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 educational 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 completion of the visit. Contributions from staff to the Common Room Fund are disbursed under the instruction of the Common Room Committee.

Approved by order of the Governing Board at its meeting on 3 December 2012 and signed on its behalf by



P C H Mitchell
Chair of Governors

Reading School

GOVERNANCE STATEMENT

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 Headmaster as Accounting Officer, for ensuring that 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.

Reading School

GOVERNANCE STATEMENT

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
G Beahan	4	5
S Bowen	1	2
A P Brown	3	5
R Childs	5	5
D R Fisher	4	5
A C Hayes	1	3
R P Huggins	4	5
D A Jubb	5	5
R J Kenwrick	5	5
S J Longstaff	3	5
P C H Mitchell	5	5
I L Martin	4	5
S Nortcliff	4	5
M L Parsons	4	5
F J Pointer	0	0
L Spearing	1	2
D J Talbot	1	1
C Toms	5	5
J I Weeds	4	5

The Finance Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity and to make appropriate comments and recommendations on such matters to the governing body on a regular basis. Mr D Jubb, who is a qualified accountant, chairs the committee. Attendance at meeting in the year is as follows:

Governor	Meetings attended	Out of possible
D A Jubb	5	5
J I Weeds	4	5
S Nortcliff	3	5
P C H Mitchell	5	5
R Childs	4	5
G Beahan	4	5
D Fisher	3	5
A P Brown	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 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 year ended 31 August 2012 and up to the date of approval of the Governors' annual report and financial statements.

Reading School

GOVERNANCE STATEMENT

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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.

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 Mr David Fisher, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Reading School's financial systems. The Governors have also appointed Baker Tilly Tax and Accounting Limited to review business processes in the areas of payroll, purchases, income and the accounting system. Over the accounting period no material control weaknesses have been identified.

REVIEW OF EFFECTIVENESS

As Accounting Officer, A M Robson (J I Weeds for the period ended 31 August 2012) 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 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 3 December 2012 and signed on its behalf by



Philip C H Mitchell
Chair of Governors



A M Robson
Accounting officer

Reading School

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reading School I have considered my responsibility to notify the Academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As my part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust governing body are able to identify any 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 irregular, impropriety or funding non-compliance have been discovered to date.



A M Robson
Accounting officer

3 December 2012

Reading School

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READING SCHOOL

We have audited the financial statements of Reading School for the year ended 31 August 2012 on pages 17 to 38. 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 2011/12 issued by the Education Funding Agency).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 4, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable 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 the 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 2012 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,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

Reading School

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READING SCHOOL

Matters on which we are required to report by exception

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

- 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 T. U. 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

10 December

2012

Reading School

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the year ended 31 August 2012

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £	Total 2011 £
INCOMING RESOURCES						
Income from generated funds						
Voluntary income	2	-	13,910	345,484	359,394	10,467,243
Activities for generating funds	3	8,145	-	-	8,145	9,339
Investment income	4	15,470	-	-	15,470	8,400
Income from charitable activities						
Academy's educational operations	5	225,552	4,838,021	737,941	5,801,514	2,913,066
Boarding provision	5	674,556	-	-	674,556	306,083
Total incoming resources		923,723	4,851,931	1,083,425	6,859,079	13,704,131
RESOURCES EXPENDED						
Charitable activities						
Academy's educational operations	6	297,537	4,859,567	328,888	5,485,992	3,049,428
Boarding activities	6	570,371	-	-	570,371	313,211
Governance costs	7	-	13,109	-	13,109	27,064
Total resources expended		867,908	4,872,676	328,888	6,069,472	3,389,703
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS						
		55,815	(20,745)	754,537	789,607	10,314,428
Gross transfers between funds	18	6,086	(35,417)	29,331	-	-
NET INCOME FOR THE YEAR		61,901	(56,162)	783,868	789,607	10,314,428
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial losses on defined benefit schemes	17	-	(259,000)	-	(259,000)	(14,000)
NET MOVEMENT IN FUNDS		61,901	(315,162)	783,868	530,607	10,300,428
RECONCILIATION OF FUNDS						
Total funds brought forward at 1 September 2011		180,510	(384,176)	10,504,094	10,300,428	-
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST 2012	18	242,411	(699,338)	11,287,962	10,831,035	10,300,428

All of the Academy Trust's activities derive from continuing operations during the above two financial periods

Reading School

BALANCE SHEET

As at 31 August 2012

	Notes	2012 £	2012 £	2011 £	2011 £
FIXED ASSETS					
Tangible assets	13		11,413,878		10,524,094
CURRENT ASSETS					
Debtors	14	251,995		295,564	
Cash at bank and in hand		542,565		718,552	
		<u>794,560</u>		<u>1,014,116</u>	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>587,903</u>		<u>734,282</u>	
NET CURRENT ASSETS			<u>206,657</u>		<u>279,834</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,620,535</u>		<u>10,803,928</u>
Creditors Amounts falling due after more than one year	16		26,500		28,500
NET ASSETS EXCLUDING PENSION LIABILITY			<u>11,594,035</u>		<u>10,775,428</u>
Pension scheme liability	17		763,000		475,000
NET ASSETS INCLUDING PENSION LIABILITY			<u>10,831,035</u>		<u>10,300,428</u>
FUNDS OF THE ACADEMY TRUST RESTRICTED FUNDS					
Fixed asset fund	18		11,287,962		10,504,094
General fund	18		(699,338)		(384,176)
TOTAL RESTRICTED FUNDS			<u>10,588,624</u>		<u>10,119,918</u>
TOTAL UNRESTRICTED FUNDS	18		<u>242,411</u>		<u>180,510</u>
TOTAL FUNDS			<u>10,831,035</u>		<u>10,300,428</u>

The financial statements on pages 17 to 38 were approved by the Governors and authorised for issue on 3 December 2012 and are signed on their behalf by



P C H Mitchell
CHAIR

Reading School

CASH FLOW STATEMENT

For the year ended 31 August 2012

	Notes	2012 £	2011 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
Net incoming resources and net income for the year		789,607	10,314,428
Depreciation		337,567	190,643
Profit on disposal of fixed assets		(3,264)	-
Investment income receivable		(15,470)	(8,400)
Non cash movement – inherited fixed assets		-	(10,404,291)
Actuarial loss on defined benefit pension scheme		(259,000)	(14,000)
Decrease/(Increase) in debtors		43,569	(295,564)
(Decrease)/Increase in creditors due within one year		(146,379)	734,282
(Decrease)/Increase in creditors due after more than one year		(2,000)	28,500
Increase in defined benefit pension scheme		288,000	475,000
		<u>1,032,630</u>	<u>1,020,598</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
		15 470	8,400
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(1,233,437)	(310,446)
Proceeds on disposal of fixed assets		9,350	-
(DECREASE)/INCREASE IN CASH IN THE YEAR	12	<u>(175,987)</u>	<u>718,552</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER		<u>718,552</u>	<u>-</u>
NET FUNDS AT 31 AUGUST	11, 12	<u>542,565</u>	<u>718,552</u>

Reading School

ACCOUNTING POLICIES (continued)

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice (SORP 2005) Accounting and Reporting by Charities' the Academies Accounts Direction 2011/12 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

GOING CONCERN

No material uncertainties that may cast significant doubt about the ability of the Academy to continue as a going concern have been identified by the Trustees, therefore the financial statements have been prepared on a going concern basis.

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.

AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

Reading School

ACCOUNTING POLICIES (continued)

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.

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.

Reading School
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2012

1 GENERAL ANNUAL GRANT (GAG)

	2012 £	2011 £
a) Results and carry forward for the year		
GAG brought forward from previous year	1,733	-
GAG allocation for current year	4,590,136	2,618,764
TOTAL GAG AVAILABLE TO SPEND	4,591,869	2,168,764
Recurrent expenditure from GAG	(4,581,674)	(2,473,904)
Fixed assets purchased from GAG	-	(143,127)
GAG CARRIED FORWARD TO NEXT YEAR	10,195	1,733
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(550,816)	(314,252)
GAG TO SURRENDER TO DfE (12% rule breached if result is positive)	(540,621)	(312,519)
	no breach	no breach
b) Use of GAG brought forward from previous year 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)		
Recurrent expenditure from GAG in current year	4,581,674	-
GAG allocation for current year	(4,590,136)	-
GAG allocation for previous year x 2%	(52,375)	-
GAG brought forward from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)	(60,837)	-
	no breach	no breach

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

2 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2012 Total £	2011 Total £
Assets & liabilities inherited upon conversion					
Agreed cash settlements					288,662
Fixed assets inherited	-	-	-	-	10,404,291
Local government pension scheme deficit	-	-	-	-	(434,000)
Contributions from the Reading Foundation	-	13,910	345,484	359,394	85,423
Other donation income	-	-	-	-	122,867
	<u>-</u>	<u>13,910</u>	<u>345,484</u>	<u>359,394</u>	<u>10,467,243</u>

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2012 Total £	2011 Total £
Sundry lettings and hire of facilities	8,145	-	-	8,145	9,339
	<u>8,145</u>	<u>-</u>	<u>-</u>	<u>8,145</u>	<u>9,339</u>

4 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2012 Total £	2011 Total £
Rent receivable under operating leases	14,388	-	-	14,388	8,400
Bank interest received	1,082	-	-	1,082	-
	<u>15,470</u>	<u>-</u>	<u>-</u>	<u>15,470</u>	<u>8,400</u>

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

5 SCHOOL OPERATING INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2012 Total £	2011 Total £
Core Academy funding					
General annual grant (GAG) (note 1)	-	4,590,136	-	4,590,136	2,618,764
Other government funding					
Rates and insurance income	-	37,822	-	37,822	55,113
Standards fund income	-	-	-	-	216,713
Academy set up grant	-	-	-	-	25,000
Capital formula allocations	-	20,031	-	20,031	29,830
Other capital funding	-	152,059	737,941	890,000	-
Other activity funding	-	17,948	-	17,948	7,736
Other School income	900,108	20,025	-	920,133	265,993
	<u>900,108</u>	<u>4,838,021</u>	<u>737,941</u>	<u>6,476,070</u>	<u>3,219,149</u>

6

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2012 Total £	2011 Total £
Direct costs					
Teaching – staff costs	67,007	3,205,009	-	3,272,016	1,925,272
Teaching – other costs	168,986	502,387	-	671,373	375,862
Welfare – staff costs	51,816	-	-	51,816	32,745
Welfare – other costs	352,357	103,545	-	455,902	243,521
Premises – staff costs	8,145	99,512	-	107,657	69,129
Premises – other costs	122,627	521,439	-	644,066	247,432
	<u>770,938</u>	<u>4,431,892</u>	<u>-</u>	<u>5,202,830</u>	<u>2,893,961</u>
Support costs – see note 7	96,970	427,675	328,888	853,533	468,678
	<u>867,908</u>	<u>4,859,567</u>	<u>328,888</u>	<u>6,056,363</u>	<u>3,362,639</u>

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

7 SUPPORT AND GOVERNANCE COSTS

	Support costs £	Governance costs £	2012 £	2011 £
Staff costs	394,084	-	394,084	196,128
Depreciation – owned assets	337,567	-	337,567	190,643
Profit on disposal of fixed assets	(3,264)	-	(3,264)	-
Auditors' remuneration				
Audit of financial statements	-	8,868	8,868	8,500
Accountancy and advisory services	4,211	2,111	6,322	2,500
Responsible officer audit	-	2,100	2,100	-
Operating lease rentals				
Plant and machinery	1,718	-	1,718	326
Legal and professional fees	22,448	-	22,448	41,886
Pension scheme – other finance expenses	25,000	-	25,000	14,000
Other costs	71,769	30	71,800	41,759
	<u>853,533</u>	<u>13,109</u>	<u>866,643</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 staff time involved

8 STAFF COSTS

	2012 No	2011 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	63	64
Welfare	2	2
Premises	4	4
Support	20	17
	<u>89</u>	<u>87</u>
Staff costs for the above persons	£	£
Wages and salaries	3,138,466	1,818,424
Social security costs	254,612	143,469
Pension costs – defined benefit schemes		
Teachers' Pension Scheme	337,191	201,792
Local Government Pension Scheme	95,305	59,588
	<u>3,825,574</u>	<u>2,223,273</u>

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

8 STAFF COSTS (CONTINUED)

	2012 No	2011 No
The number of employees whose emoluments fell within the following bands was		
£60,001 - £70,000	1	-
£80,001- £90,000	1	-

Two of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012 pension contributions for these staff amounted to £20,271

9 GOVERNORS' REMUNERATION AND EXPENSES

In addition to being the accounting officer (and also a Governor), Mr J I Weeds was the Principal of Reading School at the year end. In respect of his role as Principal, during the year Mr J I Weeds received emoluments for qualifying services amounting to £83,408 (2011 £46,842) and the Charitable Company incurred pension costs of £11,596 (2011 £6,610) in respect of the pension benefits accruing to him.

Mr A Robson, the Vice Principal who has been appointed as Principal since the year end, received emoluments for qualifying services amounting to £63,948 in the year, and the Charitable Company incurred pension costs of £8,676 in respect of the pension benefits accruing to him.

Staff governors only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. The value of the staff governor's remuneration was £145,163 and the Charitable Company incurred pension costs of £20,127 in respect of pension benefits accruing to them.

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.

10 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 £64,787 (2011 £36,749).

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

11 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
(Decrease)/Increase in cash in the period	(175,987)	718,552
Other non-cash changes	-	-
CHANGES IN NET FUNDS	(175,987)	718,552
Net funds at 1 September 2011/1 December 2010	718,552	-
NET FUNDS AT 31 AUGUST 2012	542,565	718,552

12 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2011 £	Cash flows £	Other non- cash changes £	At 31 August 2012 £
Cash in hand, at bank	718,552	(175,987)	-	542,565
NET FUNDS	718,552	(175,987)	-	542,565

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

13 TANGIBLE FIXED ASSETS

	Freehold land £	Long leasehold buildings £	Assets in the course of construction £	Plant and machinery £	Total £
Cost					
1 September 2011	150,000	10,000,000	263,484	301,253	10,714,737
Additions	-	-	1,062,914	170,523	1,233,437
Disposals	-	-	-	(8,559)	(8,559)
Transfer of assets	-	1,326,398	(1,326,398)	-	-
31 August 2012	150,000	11,326,398	-	463,217	11,939,615
Depreciation					
1 September 2011	-	143,816	-	46,827	190,643
Charged in the year	-	255,385	-	82,182	337,567
Disposals	-	-	-	(2,473)	(2,473)
31 August 2012	-	399,201	-	126,536	525,737
Net book value					
31 August 2012	150,000	10,927,197	-	336,681	11,413,878
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	10,395,732
General Annual Grant	143,127
Capital grants	858,906
Voluntary income from The Reading Foundation	466,109
Unrestricted income from the general fund	75,741
	11,939,615

14 DEBTORS	2012 £	2011 £
Trade debtors	186,008	188,345
Prepayments	31,936	5,749
Other debtors	34,051	101,470
	251,995	295,564

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

15	CREDITORS Amounts falling due within one year	2012 £	2011 £
	Trade creditors	121,752	81,196
	Other taxation and social security	77,689	78,838
	Other creditors	54,633	129,203
	Accruals	86,753	237,682
	Deferred income – Other School income received in advance for the Michaelmas Term	247,076	207,363
		587,903	734,282

16	CREDITORS Amounts falling due after more than one year	2012 £	2011 £
	Other creditors	26,500	28,500

17 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The Royal Borough of Windsor and Maidenhead. Both are defined-benefit schemes.

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

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

Contributions amounting to £43,465 (2011: £42,169) were payable to the scheme at 31 August 2012 and are included within creditors.

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162.650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
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Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

17 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Following the implementation of Teacher's Pension (Employer's Supplementary Contribution) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 September 2011 to 31 August 2012 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £207,000, of which employer's contributions totalled £162,000 and employees' contribution totalled £45,000. The agreed rates for future years are 19.70 per cent for employers.

The major assumptions used by the actuary were:

	2012 %	2011 %
Rate of increase in salaries	3.85	4.65
Rate of increase for pensions in payment	1.90	2.56
Discount rate	3.90	5.40
Inflation (CPI)	1.90	2.60

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

	2012	2011
Retiring today		
Males	23.0	22.6
Females	25.6	25.2
Retiring in 20 years		
Males	25.0	24.0
Females	27.6	26.8

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

17 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £'000
Equities	5.6	251	6.6	164
Bonds	3.9	113	5.4	131
Property	3.6	63	4.6	34
Cash	0.5	31	3.0	19
Alternative assets	4.2	170	5.0	135
TOTAL MARKET VALUE OF ASSETS		628		483
Present value of scheme liabilities		(1,391)		(958)
(DEFICIT) IN THE SCHEME		(763)		(475)

The actual return on plan assets was £21,000

	2012 £'000	2011 £'000
Analysis of the amount charged to the statement of financial activities		
As staff costs		
Current service cost	95	52
Past service cost	-	4
Losses on curtailments	-	3
Total operating charge	95	59
As investment income		
Expected return on assets	(30)	(14)
Interest on liabilities	55	28
Other finance expense	25	14
Total pension costs	120	73

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the SOFA. The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £259,000.

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

17 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2012 £'000	2011 £'000
Analysis of changes in the present value of defined benefit obligations		
Opening defined benefit obligations	958	-
Upon conversion to Academy status	-	849
Members' contributions	32	18
Current service cost	95	52
Past service cost	-	4
Losses on curtailments	-	3
Interest on liabilities	55	28
Actuarial experience losses	251	4
Closing defined benefit obligations	1,391	958
	2012 £'000	2011 £'000
Analysis of changes in the fair value of plan assets		
Opening fair value of assets	483	-
Upon conversion to Academy status	-	415
Employer contributions	91	46
Members' contributions	32	18
Expected return on assets	30	14
Actuarial losses	(8)	(10)
Closing fair value of assets	628	483

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

17 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2012 £'000	2011 £'000
Amounts for the period		
Plan assets at fair value	628	483
Defined benefit obligation	(1,391)	(958)
Deficit	(763)	(475)
Experience adjustments on plan assets	(8)	(10)
Experience adjustments on plan liabilities	-	4

The estimated value of employer contributions for the year ended 31 August 2013 is £95,655

	2012 £'000	2011 £'000
Reconciliation of the movement in scheme deficit over the period		
Deficit in scheme at the beginning of the period	(475)	-
Upon conversion to Academy status	-	(434)
Movement in year		
Current service cost	(95)	(52)
Past service cost	-	(4)
Losses on curtailments	-	(3)
Employer contributions	91	46
Other finance expenses	(25)	(14)
Actuarial loss	(259)	(14)
Deficit in scheme at the end of the period	(763)	(475)

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

18 THE FUNDS OF THE CHARITY

	At 1 September 2011 £	Incoming resources £	Resources expended £	Actuarial losses £	Transfers between funds £	At 31 August 2012 £
RESTRICTED FIXED ASSETS FUND						
Inherited fixed asset fund	10,216,187	-	(304,572)	-	(6,086)	9,905,529
General Annual Grant fixed asset fund	140,588	-	(12,331)	-	-	128,257
The Reading Foundation fixed asset fund	61,772	345,484	(5,224)	-	-	402,032
Capital grants fixed assets fund	85,547	737,941	(6,762)	-	35,417	852,144
	10,504,094	1,083,425	(328,888)	-	29,331	11,287,962
RESTRICTED GENERAL FUNDS						
The Reading Foundation revenue fund	-	33,935	(32,644)	-	-	1,291
General Annual Grant fund	1,733	4,590,136	(4,581,674)	-	-	10,195
LGPS deficit fund	(475,000)	-	(29,000)	(259,000)	-	(763,000)
Capital grants fund	82,538	172,090	(173,482)	-	(35,417)	45,729
Rates and insurance fund	6,553	37,822	(42,797)	-	-	1,578
Other restricted income fund	-	17,948	(13,079)	-	-	4,869
	(384,176)	4,851,931	(4 872,676)	(259,000)	(35,417)	(669,338)
TOTAL RESTRICTED FUNDS	10,119,918	5,935,356	(5,201,564)	(259,000)	(6,086)	10,588,624
UNRESTRICTED FUNDS						
General fund	180,510	923,723	(867,908)	-	6,086	242,411
	10,300,428	6 859,079	(6,069,472)	(259,000)	-	10,831,035

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

18 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 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.

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible assets	Net current assets	Long term liabilities	Pension scheme liability	Total
RESTRICTED FIXED ASSET FUNDS					
Inherited fixed assets fund	9,905,529	-	-	-	9,905,529
General Annual Grant fixed assets fund	128,257	-	-	-	128,257
The Reading Foundation fixed assets fund	460,885	(58,853)	-	-	402,032
Capital grants fixed asset fund	852,144	-	-	-	852,144
RESTRICTED GENERAL FUNDS					
The Reading Foundation revenue fund		1,291	-	-	1,291
General Annual Grant fund	-	10,195	-	-	10,195
LGPS deficit fund	-	-	-	(763,000)	(763,000)
Capital grants fund	-	45,729	-	-	45,729
Rates and insurance fund	-	1,578	-	-	1,578
Other restricted income fund	-	4,869	-	-	4,869
UNRESTRICTED FUNDS					
General funds	67,063	201,848	(26,500)	-	242,411
	<u>11,413,878</u>	<u>206,657</u>	<u>(26,500)</u>	<u>(763,000)</u>	<u>10,831,035</u>

20 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.

21 CONTINGENT LIABILITIES

At the end of the year, the Charitable Company had a contingent liability of £1,750 associated with potential costs arising from the failure of a sub-contract arrangement.

22 CAPITAL COMMITMENTS

At the balance sheet date, the charitable company had capital commitments of £33,129 in respect of the teachers' toilets project and £33,182 in respect of electrical works.

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

23 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2012 the Charitable Company was committed to make the following payments under non-cancellable operating leases as follows

	2012 £	2011 £
Plant and machinery		
Expiring within one year	1,088	-
Expiring within two and five years inclusive	-	1,088
Expiring after five years	1,476	-
	<u>2,564</u>	<u>1,088</u>

24 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 2012.

25 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, £17,039 (2011: £27,893) of cash was held as custodian.

26 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £3,610 and disbursed £3,276, with an amount of £153 carried forward at 31 August 2012. The Academy Trust retained a beneficial interest in individual transactions such that £181 has been recognised in income and expenditure in the statement of financial activities.

Reading School

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2012

27 ACADEMY BOARDING TRADING ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2012

	£	£	£
INCOME			
Fee income		656,648	
Other income		17,908	
			674,556
EXPENDITURE			
Direct costs			
Goods and services	170,594		
Bad debt write offs	7,577		
Total direct costs		178,171	
Indirect costs			
Staff costs	186,150		
Utilities	75,746		
Rent and rates	7,750		
Insurance	2,930		
Buildings maintenance	27,546		
Other indirect costs	96,476		
Total indirect costs		396,598	
Total operating costs		574,769	
			99,787