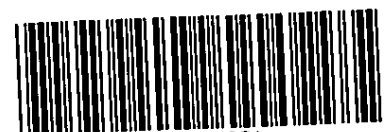


**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**



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17/12/2012  
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**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**CONTENTS**

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	Page
<b>Reference and administrative details of the academy, its governors and advisers</b>	<b>1 - 2</b>
<b>Governors' report</b>	<b>3 - 10</b>
<b>Governance statement</b>	<b>11 - 13</b>
<b>Statement on regularity, propriety and compliance</b>	<b>14</b>
<b>Governors' responsibilities statement</b>	<b>15</b>
<b>Independent auditors' report</b>	<b>16 - 17</b>
<b>Independent reporting accountant's assurance report on regularity</b>	<b>18 - 19</b>
<b>Statement of financial activities</b>	<b>20</b>
<b>Balance sheet</b>	<b>21</b>
<b>Cash flow statement</b>	<b>22</b>
<b>Notes to the financial statements</b>	<b>23 - 42</b>

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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<b>Governors</b>	A Armstrong, Chair from 13 September 2012 (appointed 1 June 2011) <sup>1,2,3</sup> Dr P Biggs, Vice Chair (appointed 1 June 2011) <sup>1,2,3,4</sup> S Bonnell (appointed 13 September 2011) <sup>1,2,3,4</sup> S Edwards, Headteacher (appointed 1 June 2011) <sup>1,2</sup> J May, Chair until 13 September 2012 (appointed 1 June 2011, resigned 13 September 2012) <sup>1,2</sup> A Amin (appointed 1 June 2011, resigned 10 March 2012) N Bloxham (appointed 1 June 2011) <sup>4</sup> Rev D Brett (appointed 1 June 2011) <sup>4</sup> F Hardy, Responsible Officer (appointed 1 June 2011) <sup>3</sup> P Harris (appointed 1 June 2011) <sup>4</sup> R Hood (appointed 1 June 2011) <sup>3</sup> R Knott (appointed 1 June 2011) C March (appointed 1 June 2011) E Pagan (appointed 1 June 2011, resigned 12 September 2012) D Prior (appointed 1 June 2011) <sup>3</sup> K Thompson (appointed 1 June 2011) <sup>4</sup> G Theherne (appointed 1 June 2011) M White (appointed 1 June 2011) <sup>4</sup> J Bradley (appointed 30 January 2012, resigned 21 February 2012)
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- <sup>1</sup> Director and Trustee
- <sup>2</sup> Finance Committee
- <sup>3</sup> Leadership and Management Committee
- <sup>4</sup> Teaching and Learning Committee

<b>Company registered number</b>	07654902
<b>Principal and Registered office</b>	Woodcock Road Warminster Wiltshire BA12 9DR
<b>Company secretary</b>	H Cowan
<b>Accounting officer</b>	S Edwards
<b>Senior Management Team</b>	S Edwards, Headteacher H Cowan, Senior Deputy Headteacher S Dudley, Deputy Headteacher S Porter, Deputy Headteacher A Williams, Deputy Headteacher T Holman, Deputy Headteacher D Locke, Deputy Headteacher J Ronxin, Deputy Headteacher
<b>Auditors</b>	Bishop Fleming Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**FOR THE PERIOD ENDED 31 AUGUST 2012**

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**Advisers (continued)**

<b>Bankers</b>	Lloyds TSB Bank Plc 64 Fore Street Trowbridge Wiltshire BA14 8EU
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<b>Solicitors</b>	Stone King LLP 13 Queen Square Bath BA1 2HJ
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**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy (was incorporated on 1 June 2011 and opened as an Academy on 1 August 2011) is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors indicated on the Reference and Administration Details as 'Director and Trustee' act as the Trustees for the charitable activities of Kingdown Academy and are also the directors of the charitable company for the purposes of company law. Consequently this is a report for the Trustees rather than the Governors.

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**Members' Liability**

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

**Governors' Indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

**Principal Activity**

The principal activity of the Academy is to provide free education for pupils of different abilities between the ages of 11 and 18.

**GOVERNORS**

**Method of recruitment and appointment or election of Governors**

The Academy's Governing Body comprises the Headteacher, a minimum of four Parent Governors, up to three Staff Governors (providing that the total number of Governors, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Governors) and up to seven other Governors.

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**Policies and Procedures adopted for the Induction and Training of Governors**

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. Governors are made aware of the Governors' Code of Conduct and make a Declaration of Eligibility. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**Organisational Structure**

The Board of Governors normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are three committees as follows,

- Finance Committee - this meets fortnightly in term time and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Leadership and Management – to meet three times per academic year and recommend, monitor and review school budgets, staffing, premises, the school development plan, health and safety and to identify long term priorities and opportunities for the schools development.
- Teaching and Learning – this meets three times per academic year and is responsible for advising the governing body on standards of teaching and learning within the school and any factors which may affect Finance or Personnel. It also is responsible for ensuring that a Governor is present at School Improvement discussions and overseeing arrangements for individual governors being allocated a Faculty Area.

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Senior Deputy Headteacher and six Deputy Headteachers. The SLT implement the policies laid down by the Governors and report back to them on performance.

The Headteacher is the Accounting officer.

**Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

**Connected Organisations, including Related Party**

There are no related parties which either control or significantly influence the decisions and operations of Kingdown School. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

**OBJECTIVES AND ACTIVITIES**

**Objects**

The principal object and activity of the Academy is to advance for the public benefit education in Warminster and surrounding areas, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Kingdown School to provide free education and care for pupils of different abilities between the ages of 11 and 18.

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**Aims and achievements**

The aims, achievements and performance of the Academy during the period ended 31 August 2012 are summarised below

Standards

To achieve the following exam targets

**GCSE**

- 65% 5A\*-C English and Maths (EM) Achieved – 64%
- 80% 5A\*-C Achieved 81%
- 98% 5A\*-G Achieved – 96%
- 43% of Free School Meals students to achieve 5A\*-C EM Achieved 33 3%
- 53% of Black and Minority Ethnic students to achieve 5A\*-C EM Achieved 77 8%
- 59% of Army students to achieve 5A\*-C EM Achieved 58 6%
- 50% of Special Educational Needs (SEN) School Action students to achieve 5A\*-C EM Achieved 100%
- 15 4% of SEN School Action +students to achieve 5A\*-C EM Achieved 13 3%
- APS estimate – 454 Achieved 416
- CPS estimate – 339 Achieved 337

**A Level**

- To exceed LAT A2 points score target 728 8 Achieved 741
- 100% pass rate at A2 Achieved 100%
- 38 5% A\*-B at A2 Achieved 50 8%
- 76 5% A\*-C at A2 Achieved 80 1%
- 87% pass rate at AS Achieved 89 5%
- 36 0% A\*-B at AS Achieved 34 0%
- 75 8% A\*-C at AS Achieved 55 8%

Teaching and Learning

**Curriculum**

- To consider possible new post 16 courses for Sept 2012 Achieved, Looking at alternative courses for 2012/2013, meetings planned with Wiltshire College to look at how we can work together This needs to fit with the RPA Possible new A Levels e.g photography
- To review level 2 provision Achieved, plan to increase offer, work with Wiltshire College to plan curriculum 2012/2012
- To provide an engagement programme for Year 8 boys On going, there is an improvement in some of the boys behaviour see statistics

To embed learning objectives and outcomes in every lesson On going, evidence shows an improvement in the majority of lessons observed

To embed literacy in Eng/Hums – using same term – focus on same areas Literacy foci are now shared between both faculties and reps meet Ongoing in terms of classroom practice A whole school launch September'12

To consider the impact of SEN programmes in terms of overall level of attainment In process of linking Interventions to DC2

**IT**

- To use pupils as a key resource for content production for teachers and students Digital leaders programme started, scanners purchased and introduced
- To set vision for ubiquitous learning via ICT/online learning/ content generation Ambitious document written detailing for 5 years Action started

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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To develop 121s Achieved

To achieve 95% attendance Achieved 94% - our best ever

Year 11 attendance to be 94% Achieved 91.6%

To reduce fixed term exclusions in

- Year 8 by 20% (less than 22) 38 in year 8, not achieved
- Year 11 by 20% (less than 16) Achieved, only 14

To integrate pastoral and academic data Due to the implementation of a new reporting system this did not happen D Locke and L Ronxin to continue work on developing a system throughout 2012-13

Continuous Professional Development (CPD)

To develop CPD policy further, embed culture, ensure individual needs and IIP criteria are being met

- 90% of staff feel they have received relevant and valuable training. Achieved Evaluation of Twilight confirms this, average point score 4.5/5
- All teaching staff have received at least 9 hours of quality training Achieved, All teaching staff – 15 hours approx (Prof Dev group training, in-faculty training and whole day on Friday 8th Feb) Some staff – Newly Qualified Teachers, 2/3 year, Middle Leaders Development Programme, aspiring leaders Pastoral and curriculum, new to leadership, senior, aspiring Heads will have an additional 6-9 hours across the year Maximum 24 hours
- 80% of IIP silver criteria are strongly embedded in the school culture Achieved Gold standard

Students

To have a clear whole school leadership structure in place

- Leaders are clear about roles – including tutor group Achieved
- Firmly embrace student leaders in school – ensure filters down throughout school and that both students and staff understand expectation Achieving, more work needed Leadership groups are in place All have leaders attending Student leadership meetings Improved links across tutor group, House, student leadership body and Senior Leadership Team

To develop student policy on

- Uniform Achieved
- Anti-bullying Made progress, this will continue to be a focus next year

To develop and embrace the Army council, focusing on the deployment of the regiment to Afghanistan Achieved and on going Ministry of Defence bid successful and IT equipment is ordered A counsellor has been appointed for period of deployment Successful second bid achieved

Monitor and Evaluate

- Monitor TA deployment - termly review and revision with Teaching Assistants and Heads of Faculties On going
- Evaluate impact of new reporting system Positive feedback from staff and parents
- Ensure data based targets are met Majority achieved
- Monitor all parent forums On going, excellent meeting in November and June
- Monitor the rewards policy Ongoing The summer Award Assemblies demonstrated that the policy is becoming embedded in the working practises of all staff

Leadership and Management

Ofsted

- To ensure all staff are familiar with the new framework Achieved
- To implement the action plan On going



**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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To investigate and plan a new Key Stage 3/4 curriculum Achieved

To write a 5 year building/projects plan Discussions on going

To establish policies and procedures for new financial processes and provide training for all personnel to enable efficient use of finance systems On going

To define the new staffing structure for the school Achieved

To develop the alternative provision centre for students at risk of permanent exclusion (Based on Local Authority pilot) Achieved

In addition, infrastructure developments include

- Total Humanities block refurbishment, including state of the art interactive teaching equipment
- The lease and restoration of a property located opposite Kingdown, which will be used as an alternative provision for children who have been, or are at risk of being excluded
- Replacement of two IT servers with the most up to date solid state drives
- Security improvement through the installation of perimeter fencing and automatic, fob entry access gates
- Introduction of iPads into the curriculum and administration areas
- Replacement, upgraded and additional IT equipment investment of over £200,000
- Implementation of Wisepay, enabling parents to pay for trips and other costs online

**Public Benefit**

The Governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities

The Academy aims to advance for the public benefit, education in Warminster and the surrounding areas

Kingdown School provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community

**Going Concern**

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

**Key Financial Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In period under review, £163,865 was carried forward representing 2.1% of GAG.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the period ended 31 August 2012, total expenditure of £8,483,633 was covered by recurrent grant funding from the DfE, together with other incoming resources of £719,722. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £333,503.

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued commissioned by the DfE on 19th September 2012 at £16,264,607. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share (£446,235) was transferred across on conversion and is shown as Unrestricted Funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the period include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Lettings, Finance Committee terms of reference and Scheme of Delegation.

Governors have adopted a Responsible Officer Policy and appointed F Hardy, a Governor who is not a member of the Finance Committee, to undertake a programme of internal checks on financial controls. During the period, the Governors received the initial report from the Responsible Officer which contained no matters of significance.

**Financial and Risk Management Objectives and Policies**

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However, as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

**Financial** - the Academy has considerable reliance on continued Government funding through the EFA. In the current period 94% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**Failures in governance and/or management** - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the period by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Governors have determined that the appropriate level of free cash reserves should be approximately £160,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £558,066.

**Investment Policy**

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Governors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Finance Manager within strict guidelines approved by the Governing Body.

**PLANS FOR FUTURE PERIODS**

Kingdown will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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More specifically, our upcoming aims include

- 66% of year 11 to achieve 5 A\*-C in English and Maths
- 83% of year 11 to achieve 5 A\*-C
- 98% of year 11 to achieve 5 A\*-G
- 95% attendance
- Every lesson every day is always good, sometimes outstanding
- To embed a whole school policy to prevent and tackle bullying
- There is a consistent approach to the teaching of literacy
- Social, Moral, Spiritual and Cultural teaching is embedded across the school
- Together we achieve more – high performance teams

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy and its Governors do not act as the Custodian Trustees of any other Charity

**AUDITORS**

In so far as the Governors are aware

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

This report was approved by order of the members of the Governing Body on 15 November 2012 and signed on its behalf by



**A Armstrong**  
Chair of Governors



**S Edwards**  
Headteacher

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge we have overall responsibility for ensuring that Kingdown 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 Headteacher, as Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kingdown School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
A Armstrong, Chair	4	4
Dr P Biggs, Vice Chair	3	4
S Bonnell	4	4
S Edwards, Head Teacher	4	4
J May, Chair	4	4
A Amin	1	3
N Bloxham	4	4
Rev D Brett	4	4
F Hardy, Responsible Officer	4	4
P Harris	2	4
R Hood	3	4
R Knott	2	4
C March	3	4
E Pagan	3	4
D Prior	3	4
K Thompson	2	4
G Theherne	2	4
M White	3	4
J Bradley	0	1

The Finance Committee is a sub-committee of the main Governors. The purpose of the Finance Committee is to ensure that the standards of financial control and administration are adhered to, make financial plans including agreeing the draft budget, and monitor the progress of income and expenditure. The Finance Committee has formally met 9 times during the year.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J May, Chair	9	9
Dr P Biggs, Vice Chair	6	9
A Armstrong	8	9
S Edwards, Head Teacher	6	9
S Bonnell	0	0

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kingdown School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the Academy 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's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed F Hardy, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a 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.

**GOVERNANCE STATEMENT (continued)**

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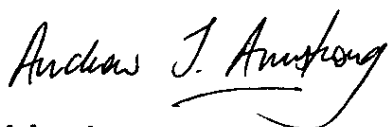
**REVIEW OF EFFECTIVENESS**

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


- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework

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

Approved by the members of the Governing Body on 15 November 2012 and signed on their behalf, by



**A Armstrong**  
Chair of Governors



**S Edwards**  
Headteacher

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

A handwritten signature in black ink, appearing to read 'S Edwards'.

**S Edwards**  
Accounting officer

Date 15 November 2012



**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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

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

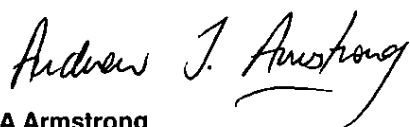
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

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

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

Approved by the members of the Governing Body and signed on its behalf by



**A Armstrong**  
Chair of Governors

Date 15 November 2012

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KINGDOWN SCHOOL**

We have audited the financial statements of Kingdown School for the period ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

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

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KINGDOWN SCHOOL**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Joseph Scarfe FCA DChA (Senior Statutory Auditor)  
for and on behalf of

**Bishop Fleming**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square

Bristol

BS1 4NT

Date 4/12/12

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGDOWN SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 9 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kingdown School during the period 1 June 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

**RESPECTIVE RESPONSIBILITIES OF KINGDOWN SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting officer is responsible, under the requirements of Kingdown School's funding agreement with the Secretary of State for Education dated 7 July 2011, and the Academies Financial Handbook as published by DfE in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KINGDOWN  
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 June 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



**Bishop Fleming**  
Chartered Accountants

16 Queen Square  
Bristol  
BS1 4NT

Date 4/12/12

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating income and expenditure account and statement of recognised gains and losses)**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Transfer from Local Authority on conversion	3	434,610	(531,000)	16,763,015	16,666,625
Other voluntary income	3	24,179	6,441	31,840	62,460
Activities for generating funds	4	29,709	-	-	29,709
Investment income	5	3,227	-	-	3,227
Incoming resources from charitable activities	6	238,047	8,412,914	-	8,650,961
<b>TOTAL INCOMING RESOURCES</b>		<b>729,772</b>	<b>7,888,355</b>	<b>16,794,855</b>	<b>25,412,982</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Fundraising expenses and other costs		1,131	-	-	1,131
Charitable activities	12	170,575	7,867,765	430,344	8,468,684
Governance costs	8	-	13,818	-	13,818
<b>TOTAL RESOURCES EXPENDED</b>	<b>11</b>	<b>171,706</b>	<b>7,881,583</b>	<b>430,344</b>	<b>8,483,633</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>558,066</b>	<b>6,772</b>	<b>16,364,511</b>	<b>16,929,349</b>
Transfers between Funds	20	-	(231,335)	231,335	-
<b>NET INCOME FOR THE YEAR</b>		<b>558,066</b>	<b>(224,563)</b>	<b>16,595,846</b>	<b>16,929,349</b>
Actuarial gains and losses on defined benefit pension schemes		-	(164,000)	-	(164,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>558,066</b>	<b>(388,563)</b>	<b>16,595,846</b>	<b>16,765,349</b>
Total funds at 1 June 2011		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2012</b>		<b>558,066</b>	<b>(388,563)</b>	<b>16,595,846</b>	<b>16,765,349</b>

All of the Academy trust's activities derive from an acquisition in the current financial period

The Statement of Financial Activities includes all gains and losses recognised in the period

The notes on pages 23 to 42 form part of these financial statements

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07654902**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2012**

	Note	£	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	17		16,595,846
<b>CURRENT ASSETS</b>			
Debtors	18	144,690	
Cash at bank and in hand		1,166,490	
		<u>1,311,180</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(440,677)</u>	
<b>NET CURRENT ASSETS</b>			870,503
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>17,466,349</u>
Defined benefit pension scheme liability	26		(701,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u>16,765,349</u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds			
General funds	20	312,437	
Fixed asset funds	20	16,595,846	
		<u>16,908,283</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(701,000)</u>	
Total restricted funds			16,207,283
Unrestricted funds	20		558,066
<b>TOTAL FUNDS</b>			<u>16,765,349</u>

The financial statements were approved by the Governors, and authorised for issue, on 15 November 2012 and are signed on their behalf, by



**A Armstrong, Chair**



**S Edwards, Headteacher**

The notes on pages 23 to 42 form part of these financial statements

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2012**

	<b>Note</b>	<b>2012 £</b>
Net cash flow from operating activities	22	1,009,129
Returns on investments and servicing of finance	23	3,227
Capital expenditure and financial investment	23	(231,335)
Cash transferred on conversion to an academy trust	25	385,469
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>1,166,490</b>

All of the cash flows derive from an acquisition in the current financial period

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

	<b>2012 £</b>
Increase in cash in the period	1,166,490
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>1,166,490</b>
<b>NET FUNDS AT 31 AUGUST 2012</b>	<b>1,166,490</b>

The notes on pages 23 to 42 form part of these financial statements



**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2011/12 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 COMPANY STATUS**

The academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 FUND ACCOUNTING**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 INCOMING RESOURCES**

All incoming resources are included in the Statement of financial activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 RESOURCES EXPENDED**

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 GOING CONCERN**

The Academy has considerable reliance on continued Government funding through the EFA. Although there is no assurance that Government funding will continue at its current level for the period covered by the going concern review, the Governors have a reasonable expectation that the Academy will have adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

**1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	50 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 TAXATION**

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

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**1.10 CONVERSION TO AN ACADEMY TRUST**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Kingdown School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and buildings have been included in the accounts at an estimation of their value at the date of conversion. In determining this value the Governors have referred to the valuation of land and buildings provided by the EFA as at 31 August 2012 which was performed using the Depreciated Replacement Cost method.

Pension assets and liabilities have been valued by Hymans Robertson LLP.

Further details of the transaction are set out in note 25.

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**2. GENERAL ANNUAL GRANT (GAG)**

	2012 £
<b>Result and Carry Forward for the Period</b>	
GAG Allocation for current period	7,961,003
<b>Total GAG Available to spend</b>	<u>7,961,003</u>
Recurrent expenditure from GAG	(7,565,803)
Fixed assets purchased from GAG	(231,335)
<b>GAG Carried forward to next year</b>	<u>163,865</u>
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(880,325)
<b>GAG to surrender to DfE</b>	<u>(716,460)</u>
(12% rule breached if result is positive)	<u><u>No breach</u></u>

**3. VOLUNTARY INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Transfer from Local Authority on conversion	434,610	16,232,015	16,666,625
Donations	24,179	6,441	30,620
Government grants	-	31,840	31,840
Subtotal	<u>24,179</u>	<u>38,281</u>	<u>62,460</u>
Voluntary income	<u><u>458,789</u></u>	<u><u>16,270,296</u></u>	<u><u>16,729,085</u></u>

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Lettings	29,394	-	29,394
Consultancy	315	-	315
	<u><u>29,709</u></u>	<u><u>-</u></u>	<u><u>29,709</u></u>

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**5. INVESTMENT INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest	3,227	-	3,227

**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	238,047	8,412,914	8,650,961

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>			
General Annual Grant	-	7,961,003	7,961,003
Start up Grants	-	25,000	25,000
Other DfE/EFA grants	-	91,318	91,318
	-	8,077,321	8,077,321
<b>Other government grants</b>			
Other government grants non capital	-	133,278	133,278
	-	133,278	133,278
<b>Other funding</b>			
Internal catering income	163,223	-	163,223
Sales to students	38,715	6,280	44,995
Other income and grants received	36,109	196,035	232,144
	238,047	202,315	440,362
	238,047	8,412,914	8,650,961

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**7. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	170,575	8,298,109	8,468,684

**8. GOVERNANCE COSTS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	7,250	7,250
Auditors' non audit costs	-	2,839	2,839
Governance expense - wages and salaries	-	3,729	3,729
	-	13,818	13,818

**9. DIRECT COSTS**

	Education £
Pension finance costs	3,520
Educational supplies	236,310
Examination fees	156,242
Staff development	36,262
Other costs	67,991
Wages and salaries	4,169,821
National insurance	331,780
Pension cost	566,173
Depreciation	430,344
	5,998,443

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**10. SUPPORT COSTS**

	Education £
Pension finance costs	18,480
Other costs	53,247
Recruitment and other staff costs	14,934
Maintenance of premises and equipment	478,517
Cleaning	24,756
Rent and rates	46,915
Heat and light	94,118
Insurance	46,261
Security and transport	32,684
Catering	199,462
Technology costs	114,184
Legal and professional	122,563
Bank interest and charges	200
Wages and salaries	1,015,441
National insurance	53,429
Pension cost	155,050
	<u>2,470,241</u>

**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Fundraising expenses	-	-	1,131	1,131
<b>COSTS OF GENERATING FUNDS</b>	<u>-</u>	<u>-</u>	<u>1,131</u>	<u>1,131</u>
Education	6,291,694	430,344	1,746,646	8,468,684
Governance	3,729	-	10,089	13,818
	<u>6,295,423</u>	<u>430,344</u>	<u>1,757,866</u>	<u>8,483,633</u>

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Education	<u>5,998,443</u>	<u>2,470,241</u>	<u>8,468,684</u>



**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**13. NET INCOMING RESOURCES**

This is stated after charging

	2012 £
Depreciation of tangible fixed assets	
- owned by the charity	430,344
Auditors' remuneration	7,250
Auditors' remuneration - non-audit	2,839
	<u>          </u>

During the period, no Governors received any benefits in kind  
During the period, no Governors received any reimbursement of expenses

**14. STAFF COSTS**

Staff costs were as follows

	2012 £
Wages and salaries	5,188,991
Social security costs	385,209
Other pension costs	721,223
	<u>          </u>
	<u>6,295,423</u>

The average number of persons (including the senior management team) employed by the academy during the period expressed as full time equivalents was as follows

	2012 No.
Teachers	95
Teaching assistants	10
Administration and support	41
Managers	12
	<u>          </u>
	<u>158</u>

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

	2012 No.
In the band £70,001 - £80,000	1
In the band £80,001 - £90,000	1
	<u>          </u>
	<u>2</u>

The above employees participated in the Teachers' Pension Scheme Annual equivalent pension contributions during the period ended 31 August 2012 for these staff members amounted to £22,140

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**15. GOVERNORS' REMUNERATION**

During the period retirement benefits were accruing to 1 Governor in respect of defined contribution pension schemes

Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher or staff and not in respect of their services as Governors. Other Governors did not receive any payments from the academy in respect of their role as Governors. S Edwards, the Headteacher, received remuneration over the 13 month period of £90,958 and £12,823 in respect of contributions for defined benefit pension scheme.

**16. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £984.

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

**17. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 June 2011	-	-	-	-
Additions	-	59,005	204,170	263,175
Transfer on conversion	16,530,971	65,728	166,316	16,763,015
At 31 August 2012	16,530,971	124,733	370,486	17,026,190
<b>DEPRECIATION</b>				
At 1 June 2011	-	-	-	-
Charge for the period	266,364	24,443	139,537	430,344
At 31 August 2012	266,364	24,443	139,537	430,344
<b>NET BOOK VALUE</b>				
At 31 August 2012	16,264,607	100,290	230,949	16,595,846

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**18. DEBTORS**

	2012 £
Trade debtors	3,767
Prepayments and accrued income	21,771
Tax recoverable	119,152
	<u>144,690</u>

**19. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £
Trade creditors	179,669
Social security and other taxes	113,226
Other creditors - School Fund	52,050
Accruals and deferred income	95,732
	<u>440,677</u>

**DEFERRED INCOME**

Resources deferred during the year	£ 52,577
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**20. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	-	729,772	(171,706)	-	-	558,066

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**20. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	-	7,961,003	(7,565,803)	(231,335)	-	163,865
Special Educational Needs (SEN)	-	19,009	(19,009)	-	-	-
Pupil premium	-	83,718	(83,718)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
School Sports Services	-	95,783	(47,374)	-	-	48,409
1 1 Tuition grant	-	11,625	(6,991)	-	-	4,634
16-19 Bursary grant	-	13,490	(9,576)	-	-	3,914
Alliance Teaching and Learning Project (ATLP)	-	20,000	(24)	-	-	19,976
Freetime fund	-	13,371	(9,265)	-	-	4,106
Rolls Royce grant	-	6,200	(1,200)	-	-	5,000
Young Apprentice Scheme (YAS)	-	22,230	(7,596)	-	-	14,634
Young Peoples Support Services (YPSS)	-	31,643	(22,493)	-	-	9,150
Collaborative Fund	-	39,100	(351)	-	-	38,749
Other restricted funds	-	77,183	(77,183)	-	-	-
Pension reserve	-	(531,000)	(6,000)	-	(164,000)	(701,000)
	-	7,888,355	(7,881,583)	(231,335)	(164,000)	(388,563)

**RESTRICTED FIXED ASSET FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	-	16,763,015	(429,528)	-	-	16,333,487
Fixed assets purchased from GAG and other restricted funds	-	-	-	231,335	-	231,335
DfE/EFA Capital grants	-	31,840	(816)	-	-	31,024
	-	16,794,855	(430,344)	231,335	-	16,595,846
Total restricted funds	-	24,683,210	(8,311,927)	-	(164,000)	16,207,283
Total of funds	-	25,412,982	(8,483,633)	-	(164,000)	16,765,349

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

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**20 STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

The General Annual Grant (GAG) represents funding received from the YPLA / Education Funding Agency during the period in order to fund the continuing activities of the school

Special Education Needs (SEN) funding is received from the EFA to cater for pupils with learning difficulties and other disabilities

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils

The Start up grant is funding from the Department for Education to cover costs in converting to an academy such as, obtaining legal advice, costs of software licence transfers, HR/TUPE advice, re-branding costs and expenses incurred in setting up the academy trust

School Sports Services represents funding from Schools Sport Trust to motivate and inspire young people to take part in competitive school sports

1-11 Tuition represents funding received from Wiltshire Council for supporting individual tuition for children that may be falling behind

16-19 Bursary is funding received from the YPLA / EFA to support students at sixth form

Alliance Teaching and Learning Project (ATLP) represents funding received from West Wilts Alliance for support with Literacy teaching and learning

Freetime fund represents funding received from Wiltshire Council for free school meals children, to increase inclusion in extracurricular activities

Rolls Royce grant represents funding received to enhance Science teaching in schools

Young Apprentice Scheme (YAS) represents funding from Wiltshire Council to assist with school sports

Young Peoples Support Services represents funding from Wiltshire Council as an alternative provision trial for children who have been or are at risk of being excluded

Collaborative Fund represents funding from National College of School Leadership to assist in becoming a teaching school, part of a building capacity programme

Other restricted funds represents amounts received from various bodies and includes income under the following initiatives, Golden Hello, PE Teacher, School Development, Learning Futures, Enthuse Award, Hair & Beauty Award and Support Fund Service Children

Pension reserve represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years

**FIXED ASSET FUNDS**

Fixed assets transferred on conversion represent the building and equipment donated to the school from Wiltshire Council on conversion to an academy

Fixed assets purchased from GAG represent amounts spent on fixed assets from the GAG funding received from the YPLA / EFA

DfE / EFA Capital grants represents devolved capital funding received for the period

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**20. STATEMENT OF FUNDS (continued)**

**TRANSFERS BETWEEN FUNDS**

The transfer from the restricted fund to the restricted fixed asset fund represents the total capital expenditure from the General Annual Grant (GAG) during the period

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	729,772	(171,706)	-	-	558,066
Restricted funds	-	7,888,355	(7,881,583)	(231,335)	(164,000)	(388,563)
Restricted fixed asset funds	-	16,794,855	(430,344)	231,335	-	16,595,846
	-	25,412,982	(8,483,633)	-	(164,000)	16,765,349

**21 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	16,595,846	16,595,846
Current assets	558,066	753,114	-	1,311,180
Creditors due within one year	-	(440,677)	-	(440,677)
Provisions for liabilities and charges	-	(701,000)	-	(701,000)
	558,066	(388,563)	16,595,846	16,765,349

**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2012 £
Net incoming resources	16,929,349
Returns on investments and servicing of finance	(3,227)
Net assets transferred on conversion	(16,666,625)
Depreciation of tangible fixed assets	430,344
Capital grants from DfE	(31,840)
Increase in debtors	(22,638)
Increase in creditors	367,766
Defined benefit pension scheme adjustments	6,000
<b>NET CASH INFLOW FROM OPERATIONS</b>	<b>1,009,129</b>

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2012 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	
Interest received	2,075
Income from investments	1,152
	<hr/>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>3,227</b>
	<hr/> <hr/>
	2012 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	
Purchase of tangible fixed assets	(263,175)
Capital grants from DfE	31,840
	<hr/>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(231,335)</b>
	<hr/> <hr/>

**24. ANALYSIS OF CHANGES IN NET FUNDS**

	1 June 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	1,166,490	-	1,166,490
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET FUNDS</b>	<b>-</b>	<b>1,166,490</b>	<b>-</b>	<b>1,166,490</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**25. CONVERSION TO AN ACADEMY TRUST**

On 1 August 2011 Kingdown School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Kingdown School from Wiltshire Council for £NIL consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	16,530,971	16,530,971
- Other tangible fixed assets	-	-	232,044	232,044
Budget surplus on Local Authority funds	434,610	-	-	434,610
LGPS pension deficit	-	(531,000)	-	(531,000)
Net assets/(liabilities)	<u>434,610</u>	<u>(531,000)</u>	<u>16,763,015</u>	<u>16,666,625</u>

The above net assets include £385,469 that were transferred as cash

**26. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire Council. Both are defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

**Teachers' Pension Scheme**

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

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

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



**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**26. PENSION COMMITMENTS (continued)**

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

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

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

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

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

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £258,000, of which employer's contributions totalled £57,000. The agreed contribution rates for future years are 21.3% for employers and 5.5 - 7.5% for employees.

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**26. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows

	2012 £
Present value of funded obligations	(1,985,000)
Fair value of scheme assets	1,284,000
	<u>(701,000)</u>
Net liability	<u>(701,000)</u>

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

	2012 £
Current service cost	(185,000)
Interest on obligation	(92,000)
Expected return on scheme assets	70,000
	<u>(207,000)</u>
Total	<u>(207,000)</u>

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

	2012 £
Current service cost	185,000
Interest cost	92,000
Contributions by scheme participants	57,000
Actuarial losses	135,000
Liability transferred on conversion	1,516,000
	<u>1,985,000</u>
Closing defined benefit obligation	<u>1,985,000</u>

Movements in the fair value of the academy's share of scheme assets

	2012 £
Expected return on assets	70,000
Actuarial losses	(29,000)
Contributions by employer	201,000
Contributions by employees	57,000
Asset transferred on conversion	985,000
	<u>1,284,000</u>
	<u>1,284,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was a loss of £164,000

The academy expects to contribute £188,000 to its defined benefit pension scheme in 2013

**KINGDOWN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**26. PENSION COMMITMENTS (continued)**

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012
Equities	5.50 %
Bonds	3.50 %
Property	3.70 %
Cash	2.80 %

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

	2012
Discount rate for scheme liabilities	4.10 %
Expected return on scheme assets at 31 August	4.60 %
Rate of increase in salaries	4.50 %
Rate of increase for pensions in payment / inflation	2.20 %

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

	2012
Retiring today	
Males	22.9
Females	25.7
Retiring in 20 years	
Males	24.9
Females	27.7

Experience adjustments for the current period are as follows

	2012 £
Defined benefit obligation	(1,985,000)
Scheme assets	1,284,000
Deficit	(701,000)
Experience adjustments on scheme liabilities	(135,000)
Experience adjustments on scheme assets	(29,000)

**27. OPERATING LEASE COMMITMENTS**

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

	2012 £
<b>EXPIRY DATE:</b>	
Within 1 year	8,538
Between 2 and 5 years	2,412

**KINGDOWN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**28. RELATED PARTY TRANSACTIONS**

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

No such transactions have occurred during the current period.

**29. CONTROLLING PARTY**

The company is under the joint control of the governors. There is no ultimate controlling party.