

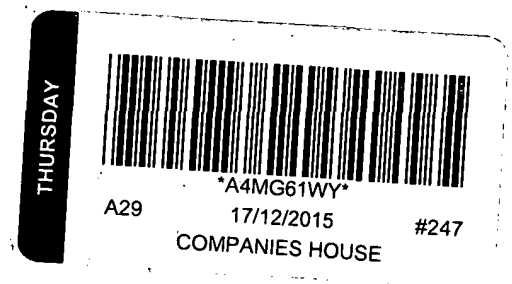
# financial statements

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## **The Knights Templar School Company Limited by Guarantee**

For the year ended 31 August 2015

Company registration number: 07552786



**MHA MacIntyre Hudson**  
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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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<b>Members</b>	Mrs Alison Atkinson, Parent Governor (resigned 12 November 2014) <sup>3</sup> Miss Sarah Barker, Deputy Headteacher <sup>4</sup> Mr Michael Boxall, Parent Governor <sup>3</sup> Mr Ian Burrows, Deputy Headteacher <sup>1,3</sup> Mr Alan Church, Community Governor <sup>1,2</sup> Mrs Christine Gough, Community Governor <sup>2</sup> Mrs Wendy Hepburn, Parent Governor (resigned 8 December 2014) <sup>4</sup> Mr Graham Kingsley, Chair of Governors <sup>1,2</sup> Dr Maria Lukianowicz, Community Governor <sup>1,3</sup> Mrs Julie Mutter, Parent Governor <sup>3</sup> Dr Jane Millett, Parent Governor (resigned 1 July 2015) <sup>3</sup> Mr Richard Picking, Deputy Chair of Governors <sup>1,4</sup> Mrs Pauline Poole, Parent Governor <sup>3</sup> Mr Dariush Samsami, Staff Governor (resigned 1 July 2015) <sup>3</sup> Mr John Swift, School Business Manager/ Finance Director <sup>1,2</sup> Ms Janet Wallace, Staff Governor (resigned 20 October 2014) <sup>4</sup> Mr Duncan Wardrop, Community Governor <sup>2</sup> Mrs Susan Welch, Community Governor <sup>1,4</sup> Mr Brian Williams, Staff Governor (resigned 20 October 2014) <sup>2</sup> Mr Timothy Litchfield, Headteacher and Accounting Officer Mrs Jackie Spinks, Parent Governor (appointed 5 December 2014) <sup>2</sup> Mrs Karen Cowell, Staff Governor (appointed 11 November 2014) <sup>4</sup> Mrs Catherine Connolly, Parent Governor (appointed 5 December 2014) <sup>4</sup> Mrs Nicky Bull, Parent Governor (appointed 19 January 2015) <sup>4</sup> Miss Lisa Landreth, Staff Governor (appointed 7 October 2014) <sup>4</sup>
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<sup>1</sup> Finance and General Purpose Committee

<sup>2</sup> Premises, Health & Safety Committee

<sup>3</sup> Teaching & Learning Committee

<sup>4</sup> Pupils & Personnel Committee

<b>Company registered number</b>	07552786
<b>Company name</b>	The Knights Templar School
<b>Principal and registered office</b>	Park Street Baldock Hertfordshire SG7 6DZ
<b>Company secretary</b>	Mrs Fiona Roper
<b>Senior Leadership Team</b>	Tim Litchfield, Headteacher Ian Burrows, Deputy Headteacher Sarah Barker, Deputy Headteacher John Swift, School Business Manager/ Finance Director Paul Clayton, Assistant Headteacher Lorenzo Farina, Assistant Headteacher Sara Levesley, Assistant Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Administrative details (continued)**

**Independent auditors**      MHA MacIntyre Hudson  
Chartered Accountants  
Equipoise House  
Grove Place  
Bedford  
MK40 3LE

**Bankers**                      Lloyds Bank PLC  
1 Bancroft  
Hitchin  
Hertfordshire  
SG5 1JG

**Solicitors**                   Stone King  
30 Station Road  
Cambridge  
CB1 2RE

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Governors (who are the Trustees and also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' Report of The Knights Templar School (the Academy) for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academy Trust operates an Academy for pupils aged 11 to 18 serving a catchment area in Baldock and its surrounding villages. It has a pupil capacity of 1,350 and had a roll of 1,321 in the school census as of October 2015.

**Structure, governance and management**

**CONSTITUTION**

The Academy is a 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 Trust.

The Governors act as Trustees for the charitable activities of The Knights Templar School and are also the directors and of the charitable company for the purposes of company law. The Charitable Company is known as The Knights Templar School.

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

**MEMBERS' LIABILITY**

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

**GOVERNORS' INDEMNITY INSURANCE**

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. The cost of this insurance in the year is disclosed in note 13 to the financial statements.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

Governors are appointed in accordance with Article 50 of the Academy's Articles of Association.

The Governing Body of the Academy at the time of its foundation on 1 April 2011 was the same Governing Body of the former Knights Templar School, a Hertfordshire County Council secondary school.

The Governing Body includes the Headteacher, two Deputy Headteachers and the School Business Manager, who become Governors by virtue of their roles as senior school staff. A further three school employees are elected Staff Governors with four year terms of office and are voted in by school staff. Up to seven Community Governors are appointed by the Governing Body following invitation, where the school deems that person to have skills and experience that would be helpful to the school. Community Governors hold an initial four year term of office. Up to seven Parent Governors are elected by the school's parents. They serve four year terms of office.

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**THE KNIGHTS TEMPLAR SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The aim of the Governing Body is to have a governing constitution that comprises equal representation of its three key stakeholders: seven Staff Governors; seven Community Governors and seven Parent Governors.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

New Governors undergo an induction training programme offered by Hertfordshire County Council. All Governors are offered periodic training courses dependent on their requirements and areas of specialisation within the various sub-committees.

**ORGANISATIONAL STRUCTURE**

The school's day-to-day management is overseen by the Senior Leadership Team (SLT) made up of the Headteacher, two Deputy Headteachers, three Assistant Headteachers and the School Business Manager. The SLT meets twice weekly during term-time to discuss and make decisions on current affairs of the school. These invariably involve matters relating to teaching and learning, staffing issues, pastoral care, behaviour, community, finance, premises and health & safety.

The school has three sub-committees which meet once every half term: Pupils & Personnel; Teaching & Learning; and Premises, Health & Safety. Each committee has its own separate terms of reference and looks at main issues and areas of policy within its own remit.

The chairs of each of the three sub-committees plus the Chair of Governors, Vice Chair, Headteacher, Deputy Headteachers and School Business Manager form the Finance & General Purposes Committee. This is the main financial decision making committee and is the approving authority for all transactions and contracts in excess of £10,000. The committee meets once every half term after each of the sub-committees have met and before the full Governing Body committee meetings, which take place towards the end of each half term.

The Governing Body is the ultimate decision making authority of the Academy, focusing on strategic matters, issues of policy and overall implementation of the School Improvement Plan.

The School Business Manager holds the role of Finance Director of the academy and the Headteacher is the Accounting Officer.

**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

The Friends of Knights Templar School is a registered charity, founded to encourage donations from parents, former students and the local community.

The Parents' Association runs a number of fund raising events during the school year with funds raised donated to the school.

The Baldock Forum is an association that enables regular contact with the wider school community.

The Academy has formed a partnership with Emil Dale Academy, a performing arts school to which BTEC studies in Musical Theatre are sub-contracted.

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**THE KNIGHTS TEMPLAR SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Objectives and Activities**

**OBJECTS AND AIMS**

The Academy aims to develop all students to be successful citizens for the 21st century through the provision of a comprehensive education through a broad and balanced curriculum. Student experience is further enhanced from the wide range of extra-curricular activities on offer.

The Academy also recognises its responsibilities to the wider Baldock community and seeks to engage with all community stakeholders for mutual benefit. The school's facilities are available to the local community with a particular emphasis on sport given the school's excellent sports centre. This includes a modern sports hall, gymnasium and floodlit 3G AstroTurf facility.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

Our core purpose is to nurture all of our students as uniquely talented individuals and principled global citizens, maximising their academic outcomes, their personal development and their capacity to be independent autonomous learners. It is our responsibility to ensure they leave school respectful, happy, well-rounded individuals who are a credit to themselves and their community.

***Learning, Teaching and Outcomes***

- To improve the quality of teaching where 0% of staff require improvement in differentiation, personalised learning and marking/ feedback for 2015-2016.
- To achieve a minimum 72% hit rate for the whole school and within subjects at KS4. To achieve a minimum 75% hit rate for the whole school and within subjects at KS5.
- To achieve more consistent hit rates for different ability cohorts at both KS4 and KS5. Hit rates for below average ability students, average ability students and above average ability students should not fall below 5% of the whole school and individual subject hit rate.
- To raise the hit rates within subjects at KS4 for disadvantaged students and to be within 10% of the hit rate for non disadvantaged students.
- To make better use of data to improve intervention strategies with all groups of students. Closing the gap between disadvantaged students, low literacy and numeracy on entry and other identified groups.
- To improve the consistently high quality homework is set and to further embed effective subject monitoring of homework.
- To be more consistent at giving high quality student feedback and further embed dedicated improvement and reflection time into lesson planning.
- To develop a consistent approach to student voice that informs on the quality of teaching.

***Provision, Behaviour and Safety***

- Develop a coherent programme of advice and guidance, which provides the students with the right information to inform them of the best routes to the next stage of their development or employment.
- Develop more consistent approach to foster positive behaviour of learning.
- To ensure Pupil Premium funding impacts on attitudes and outcomes for individual disadvantaged students.

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**THE KNIGHTS TEMPLAR SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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***Leadership and Management***

- To further embed CPD pathways for all staff enabling access to high quality training and support.
- To ensure targets set for staff are specific, reflect school priorities and are designed to improve their performance in the classroom, thus enabling high levels of student progress.
- Ensure leaders at all levels are focussed on key school priorities and are trained to: judge the quality of teaching and learning accurately; be accountable for the performance of their areas of responsibility.
- Monitor and review the implementation of curriculum changes in light of the introduction of new specifications for A, AS and GCSE.
- To continue to develop a system of student target setting giving ownership to the students.
- To ensure the necessary budget constraints do not have a negative effect on school performance and curriculum offer.

**PUBLIC BENEFIT**

The Governors have considered their obligation with regard to demonstrating identifiable benefits to a section of the public which in its case, would be to the students, parents and wider community of The Knights Templar School.

The Governors consider that provision of this benefit is clearly evidenced by the school's good performance and reputation, measured by:

- Its demonstrable success in student attainment through examination results that are consistently above national averages.
- Its reputation, noted by OFSTED, in contributing to outstanding student behaviour.
- Its strong community links.

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**Strategic Report**

**Achievements and performance**

**REVIEW OF ACTIVITIES**

***Key Stage 4 Results (GCSE & BTEC qualifications taken at the end of Year 11)***

The considerable effort shown by our outgoing Year 11 students was rewarded this year with a fantastic set of GCSE and BTEC results:

**Grades Achieved**

- 50% of students achieved 1 or more A\*/A grade, with 27% achieving 3 or more A\*/As.
- 40% of students achieved the GCSE grades to qualify for the English Baccalaureate. The 'EBacc' was introduced into Secondary education to encourage students to take academic courses to prepare them for entry to top universities after 6th Form.
- 68% of students achieved 5 or more GCSEs grade C or above, including English and Maths. This is the benchmark used to represent the potential for further study in 6th Form, college or entry to work via apprenticeships.



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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***Key Stage 5 Results (A Level qualifications taken at the end of Year 13)***

We are incredibly proud of our sixth form students who have received an outstanding set of A level results - with one student achieving 3 A\* grades and another with 4 A\*/A grades.

- 41% of students achieved 1 or more of the highest grades (A or A\*). With the average grade across the board of C+.
- 25% of A2 grades achieved were at the highest grades (A\* or A).
- 52% of A2 grades were grade 'B' or higher,
- 80% of A2 grades were grade 'C' or higher.
- 100% of A Level grades were grade 'E' or higher.
- 100% of our students achieved 1 or more Key Stage 5 qualification at grade A\* - E.
- 97% of our students achieved 2 or more Key Stage 5 qualifications at grade A\* - E.
- 90% of our students achieved 3 or more Key Stage 5 qualifications at grade A\* - E.

**KEY PERFORMANCE INDICATORS**

Please see section below for our Financial Review.

**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.

**Financial review**

**REVIEW OF PERIOD**

The Academy's main source of income for the period was the General Annual Grant, received from the Department for Education, in a total of £6,355k. Other income from the DfE amounted to £222k inclusive of Pupil Premium income which was ring-fenced and used in accordance with the conditions of grant. The 16-19 Bursary Funding has been treated as an agency arrangement in the financial statements for the year ended 31 August 2015.

A further £249k was received by the Academy in payment for food and beverages from the school canteen which is paid to Herts Catering as part of arrangements between the school and its contract caterer. Some £86k of Music Department income was received from students for music lessons. This is used to fund the related tuition costs.

GAG funding was the core funding element to the provision of education services for the year. Some 76% (2014: £74%) was spent on teaching staff costs with a further 11% (2014: 10%) spent on support staff.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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Cash at bank and in hand of £1,752k, adjusted for short term debtors and creditors, amounted to net funds of £1,465k at the balance sheet date. Of this amount, £468k was received via the CIF funding for the new science block and represents the amount unspent at the balance sheet date which is carried forward in the Restricted Fixed Asset Fund. There is a further £1k carried forward in the Restricted Fixed Asset Fund and the remaining £996k is retained as general reserves.

**RESERVES POLICY**

The levels of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. This applies particularly to funds earmarked for future capital projects. The level of reserves will be kept under review by the Governors.

Reserves at the end of the period to 31 August 2015 were £23,306,093 comprising £765,545 of restricted general funds, £230,085 of unrestricted general funds, £23,489,463 of restricted fixed asset funds and a pension deficit of £1,179,000.

The deficit on the pension reserve relates to the non-teaching staff pension scheme (Local Government Pension Scheme) where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 24. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors, and represent 1/3rd of one month's worth of Academy expenditure. The aim of the Governors is to increase this reserve to meet future working capital requirements.

**INVESTMENT POLICY**

The Academy does not invest its surplus balances and keeps all funds within a single current account. A formal investment policy is being considered by the Governing Body.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks facing the Academy are:

- Reputational risk – mitigated by:
  - strong demand for places at the school from catchment area and beyond.
  - consistently strong examination results that are well above national averages.
  - strong community links as the only secondary school in Baldock.
  - experienced and professional staff, all trained in safeguarding of children.
  - "Good" OFSTED judgement for October 2012.
  - Stable governing body and senior leadership team with established track record.
- Performance / Operational risk, inclusive of issues arising from poor quality premises (e.g. overcrowding, health & safety concerns, leaking roofs, faulty boilers) – mitigated by:
  - the development of a Business Continuity Plan.
  - tried and tested policies and procedures in place that are regularly reviewed.
  - adequate insurance cover in place.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unfunded increases in teaching or support staff costs, or unfunded major capital repairs. The risks presented here are mitigated by:
  - Strong demand for school places at Key Stage 4 and marketing efforts under way to improve Key Stage 5 uptake.
  - Curriculum review will address reduction in central government funding and reserves will cushion the immediate impact of these cuts.
  - Contingency funding in place for costs of teaching staff absences.
  - Unbudgeted major capital repairs could be funded by the Academies Condition Improvement Fund or emergency support requested from EFA.
- Risks associated with personnel – mitigated by:
  - Strong track record for quality staff recruitment given school's good reputation.
  - Recruitment process is rigorous to ensure best available staff are recruited.
  - Performance management and HR systems in place to monitor staff and ensure best possible performance output from all staff.

The Academy practices through its Board, namely the Governing Body and the constituted sub-committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

**Plans for future periods**

**PLANS FOR FUTURE PERIODS**

Future plans are to focus on reviewing the current curriculum in the face of declining revenues from government cuts, and redeveloping the school's premises by bidding for funding from the Condition Improvement Fund and through support from the Local Authority.

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

No such funds are held by The Knights Templar School.

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**THE KNIGHTS TEMPLAR SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as each of the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware
- the Governors have taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

This report, incorporating the Strategic Report, was approved by order of the Governing Body, as the company directors, on 8-12-15 and signed on the board's behalf by:

  
.....  
**Mr Graham Kingsley**  
Chair of Governors

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**THE KNIGHTS TEMPLAR SCHOOL**  
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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge we have overall responsibility for ensuring that The Knights Templar 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 The Knights Templar 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 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mrs Alison Atkinson	1	1
Miss Sarah Barker	6	6
Mr Michael Boxall	5	6
Mr Ian Burrows	6	6
Mr Alan Church	5	6
Mrs Christine Gough	6	6
Mrs Wendy Hepburn	1	1
Mr Graham Kingsley	6	6
Dr Maria Lukianowicz	6	6
Mrs Julie Mutter	5	6
Dr Jane Millett	4	6
Mr Richard Picking	5	6
Mrs Pauline Poole	6	6
Mr Dariush Samsami	4	6
Mr John Swift	6	6
Ms Janet Wallace	0	0
Mr Duncan Wardrop	5	6
Mrs Susan Welch	3	6
Mr Brian Williams	1	1
Mr Timothy Litchfield	5	6
Mrs Jackie Spinks	4	5
Mrs Karen Cowell	4	5
Mrs Catherine Connolly	5	5
Mrs Nicky Bull	0	0
Miss Lisa Landreth, Staff Governor	0	0

Governance reviews:

A governors' self-evaluation took place in the Autumn term 2015 and will be a discussion topic at a meeting of the full Governing Body.

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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015 (continued)**

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The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to discuss key issues with regard to finance and the general Academy.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Ian Burrows	5	6
Mr Alan Church	5	6
Mr Graham Kingsley	6	6
Dr Maria Lukianowicz	6	6
Mr Timothy Litchfield	6	6
Mr Richard Picking	6	6
Mr John Swift	6	6
Mrs Susan Welch	6	6

The Premises, Health & Safety Committee is also a sub-committee of the main Governing Body. Its purpose is to ensure that the Academy is legally compliant with all aspects of Health & Safety legislation and that it achieves high standards of Health & Safety across all its operations.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Alan Church	5	5
Mr Graham Kingsley	3	5
Mr Brian Williams	1	1
Mrs Christine Gough	4	5
Mr John Swift	5	5
Mr Duncan Wardrop	1	5
Mrs Jackie Spinks	0	0
Mr Timothy Litchfield	5	5

The **Pupils & Personnel Committee** is a sub-committee of the main Governing Body. Its purpose is to review the Academy's staffing structure, appointment procedures and the Performance Management policy. It also monitors staff well-being and personnel related expenditure and makes recommendations to the Finance and General Purposes committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Susan Welch	6	6
Mrs Nicky Bull	2	2
Mrs Catherine Connolly	4	4
Mrs Karen Cowell	4	4
Miss Lisa Landreth	5	5
Mrs Wendy Hepburn	0	1
Ms Janet Wallace	1	1
Miss Sarah Barker	6	6
Mr Richard Picking	4	6
Mr Timothy Litchfield	5	6

The Pupils & Personnel Committee meetings are also attended by Paul Clayton, Assistant Headteacher, and Paul Barnett, an Associate Governor.

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**THE KNIGHTS TEMPLAR SCHOOL**  
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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015 (continued)**

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The **Teaching & Learning Committee** is a sub-committee of the main Governing Body. Its purpose is to ensure the Academy is meeting its statutory obligations with regard to curriculum offering and to monitor quality of teaching and pupil performance against targets to ensure the effectiveness and appropriateness of teaching and learning related policies and procedures. The sub-committee met during the period as follows:

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Dr Maria Lukianowicz	5	5
Mrs Julie Mutter	1	1
Mr Michael Boxall	4	5
Mrs Pauline Poole	3	5
Mr Ian Burrows	5	5
Dr Jane Millett	2	5
Mrs Alison Atkinson	1	2
Mr Dariush Samsami	3	5
Mr Timothy Litchfield	5	5

The Teaching & Learning Committee meetings are also attended by Lorenzo Farina, an Assistant Headteacher.

**REVIEW OF VALUE FOR MONEY**

As accounting officer, the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- ensuring the school's financial procedures are closely adhered to, including the requirement to tender for goods and services as appropriate
- conducting a curriculum efficiency review to ensure staffing costs are aligned to meet the teaching and learning priorities of the school
- ensuring rigorous financial monitoring using monthly management accounts

**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 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 The Knights Templar School for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015 (continued)**

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**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 year 1 September 2014 to 31 August 2015 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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MHA MacIntyre Hudson, the external auditors, to perform additional checks on a termly basis and report these directly to the Finance and General Purposes Committee.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchasing systems
- testing of control account/ bank reconciliations

On a termly basis, the auditors report to the Governing Body, through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. Any material control issues arising as a result of the auditors work are reported and appropriate action is taken to the matters raised.

The Academy confirms that the Responsible Officer has delivered their schedule of work as planned.



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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015 (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 year in question the review has been informed by:

- the work of the external auditors;
- 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 and General Purposes Committee and Premises, Health & Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 8/12/15 and signed on its behalf, by:

  
.....  
**Mr Graham Kingsley**  
Chair of Governors

  
.....  
**Mr Timothy Litchfield**  
Accounting Officer

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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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As accounting officer of The Knights Templar 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Academy Governing Body are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2014).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA.

  
.....  
**Mr Timothy Litchfield**  
Accounting Officer

Date: 8/12/15

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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Governors (who are the Trustees of The Knights Templar School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction published 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2005;
- make judgments and accounting 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;
- 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 8.12.15 and signed on its behalf by:

  
.....  
**Mr Graham Kingsley**  
Chair of Governors

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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KNIGHTS TEMPLAR SCHOOL**

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We have audited the financial statements of The Knights Templar School for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 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 and its members, as a body, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 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, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KNIGHTS TEMPLAR 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.

*MHA MacIntyre Hudson*

Atul Kariya FCCA (Senior Statutory Auditor)  
for and on behalf of  
**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditors  
Equipoise House  
Grove Place  
Bedford  
MK40 3LE

Date: *11 December 2015*

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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
KNIGHTS TEMPLAR SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 21 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Knights Templar School during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Knights Templar School's funding agreement with the Secretary of State for Education dated 31 March 2011, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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.

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**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
KNIGHTS TEMPLAR SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

**MHA MacIntyre Hudson**  
Chartered Accountants

Equipoise House  
Grove Place  
Bedford  
MK40 3LE

Date: *11 December 2015*

**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	7,647	-	9,600	17,247	16,489
Activities for generating funds	3	72,941	89,540	-	162,481	111,536
Investment income	4	8,546	-	-	8,546	9,256
Incoming resources from charitable activities	5	-	7,351,708	584,179	7,935,887	7,595,437
<b>TOTAL INCOMING RESOURCES</b>		<b>89,134</b>	<b>7,441,248</b>	<b>593,779</b>	<b>8,124,161</b>	<b>7,732,718</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Costs of generating voluntary income		-	43,079	-	43,079	16,052
Charitable activities	8	68,900	7,337,227	605,134	8,011,261	8,071,851
Governance costs	9	-	13,316	-	13,316	15,686
Other resources expended	7	-	4,362	-	4,362	6,439
<b>TOTAL RESOURCES EXPENDED</b>	<b>6</b>	<b>68,900</b>	<b>7,397,984</b>	<b>605,134</b>	<b>8,072,018</b>	<b>8,110,028</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>20,234</b>	<b>43,264</b>	<b>(11,355)</b>	<b>52,143</b>	<b>(377,310)</b>



**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

		<b>Unrestricted funds 2015 £</b>	<b>Restricted funds 2015 £</b>	<b>Restricted fixed asset funds 2015 £</b>	<b>Total funds 2015 £</b>	<b>Total funds 2014 £</b>
Transfers between Funds	18	-	(62,149)	62,149	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>20,234</b>	<b>(18,885)</b>	<b>50,794</b>	<b>52,143</b>	<b>(377,310)</b>
Actuarial gains and losses on defined benefit pension schemes		-	38,000	-	38,000	(369,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>20,234</b>	<b>19,115</b>	<b>50,794</b>	<b>90,143</b>	<b>(746,310)</b>
Total funds at 1 September 2014		209,851	(432,570)	23,438,669	23,215,950	23,962,260
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>230,085</b>	<b>(413,455)</b>	<b>23,489,463</b>	<b>23,306,093</b>	<b>23,215,950</b>

All activities relate to continuing operations.

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

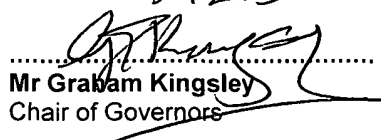
The notes on pages 26 to 46 form part of these financial statements.

**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07552786**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	15		23,020,450		23,433,620
<b>CURRENT ASSETS</b>					
Debtors	16	167,719		223,960	
Cash at bank and in hand		1,751,961		1,123,062	
		<u>1,919,680</u>		<u>1,347,022</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	(455,037)		(392,692)	
<b>NET CURRENT ASSETS</b>			<u>1,464,643</u>		<u>954,330</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>24,485,093</u>		<u>24,387,950</u>
Defined benefit pension scheme liability	24		(1,179,000)		(1,172,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>23,306,093</u></u>		<u><u>23,215,950</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	18	765,545		739,430	
Restricted fixed asset funds	18	23,489,463		23,438,669	
Restricted funds excluding pension liability		<u>24,255,008</u>		<u>24,178,099</u>	
Pension reserve		<u>(1,179,000)</u>		<u>(1,172,000)</u>	
Total restricted funds			<u>23,076,008</u>		<u>23,006,099</u>
Unrestricted funds	18		<u>230,085</u>		<u>209,851</u>
<b>TOTAL FUNDS</b>			<u><u>23,306,093</u></u>		<u><u>23,215,950</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 8.12.15 and are signed on their behalf, by:

  
 .....  
**Mr Graham Kingsley**  
 Chair of Governors

The notes on pages 26 to 46 form part of these financial statements.

**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Net cash flow from operating activities	20	<b>218,538</b>	299,652
Returns on investments and servicing of finance	21	<b>8,546</b>	9,256
Capital expenditure and financial investment	21	<b>401,815</b>	(294,616)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>628,899</b>	14,292

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	<b>2015 £</b>	<b>2014 £</b>
Increase in cash in the year	<b>628,899</b>	14,292
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>628,899</b>	14,292
Net funds at 1 September 2014	<b>1,123,062</b>	1,108,770
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>1,751,961</b>	1,123,062

The notes on pages 26 to 46 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

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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 in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Incoming resources

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

**Grants Receivable**

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

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

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

**Donations**

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

**Other Income**

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

**Donated Services and Gifts in Kind**

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

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1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

**Costs of generating funds**

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

**Charitable activities**

These are costs incurred in the Academy's educational operations.

**Governance costs**

These 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.

1.5 Tangible fixed assets and depreciation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

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1. ACCOUNTING POLICIES (continued)

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	-	0.8% - 2% per annum on a straight line basis
Motor vehicles	-	25% per annum on a straight line basis
Computer equipment	-	33.3% per annum on a straight line basis
Leasehold improvements and equipment	-	25% per annum on a straight line basis

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.7 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.

1.8 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 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 24, 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.

**THE KNIGHTS TEMPLAR SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.9 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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education or other funders.

**1.10 Agency Arrangements**

The Academy Trust acts as an agent in distributing 16-18 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid as well as any balances still held are disclosed in note 27.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations to curriculum	7,647	-	7,647	5,439
Donations - capital	-	9,600	9,600	11,050
	<u>7,647</u>	<u>9,600</u>	<u>17,247</u>	<u>16,489</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Rental income	8,913	-	8,913	8,073
School Shop	-	5,817	5,817	2,154
Fundraising events	-	43,037	43,037	16,619
Other facilities income	64,028	-	64,028	64,719
Other income	-	40,686	40,686	19,971
	<u>72,941</u>	<u>89,540</u>	<u>162,481</u>	<u>111,536</u>

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**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest receivable	8,546	-	8,546	9,256

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	6,354,579	6,354,579	6,464,104
Pupil Premium	-	209,533	209,533	207,975
Capital grants (Restricted Fixed Asset fund)	-	27,524	27,524	26,309
Other EFA / DfE grants	-	12,789	12,789	37,607
Condition Improvement Fund (Restricted Fixed Asset fund)	-	556,655	556,655	-
	-	7,161,080	7,161,080	6,735,995
<b>Other government grants</b>				
Special educational projects	-	194,642	194,642	220,951
Other grants and funding	-	53,143	53,143	91,808
	-	247,785	247,785	312,759
<b>Other funding</b>				
Trip income	-	278,203	278,203	301,985
School meals income	-	248,819	248,819	244,698
	-	527,022	527,022	546,683
	-	7,935,887	7,935,887	7,595,437



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**6. RESOURCES EXPENDED**

	Staff costs	Non Pay Expenditure		Total	Total
	2015 £	Premises 2015 £	Other costs 2015 £	2015 £	2014 £
Costs of generating voluntary income	-	-	43,079	43,079	16,052
<b>Costs of generating funds</b>	<b>-</b>	<b>-</b>	<b>43,079</b>	<b>43,079</b>	<b>16,052</b>
Direct costs - Educational operations	4,814,340	-	786,372	5,600,712	5,667,774
Support costs - Activities	700,723	480,582	1,229,244	2,410,549	2,404,077
<b>Charitable activities</b>	<b>5,515,063</b>	<b>480,582</b>	<b>2,015,616</b>	<b>8,011,261</b>	<b>8,071,851</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>13,316</b>	<b>13,316</b>	<b>15,686</b>
<b>Other resources expended</b>	<b>-</b>	<b>-</b>	<b>4,362</b>	<b>4,362</b>	<b>6,439</b>
	<b>5,515,063</b>	<b>480,582</b>	<b>2,076,373</b>	<b>8,072,018</b>	<b>8,110,028</b>

**7. OTHER RESOURCES EXPENDED**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
School shop and fundraising costs	-	4,362	4,362	6,439

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**8. CHARITABLE ACTIVITIES**

	Total funds 2015 £	Total funds 2014 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	3,917,820	3,941,990
National insurance	286,438	280,327
Pension cost	610,082	582,456
Educational supplies	258,284	266,086
Examination fees	106,820	122,501
Staff development	27,435	40,940
School trip expenditure	268,695	302,148
Music Services	82,531	90,755
Other professional fees	42,607	40,571
	<u>5,600,712</u>	<u>5,667,774</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	543,706	528,200
National insurance	30,203	28,756
Pension cost	126,814	100,114
Depreciation	603,132	624,597
Pension income	9,000	18,000
Other professional fees	27,318	28,997
Maintenance of premises and equipment	353,997	402,046
Cleaning	89,752	87,894
Water and rates	33,142	34,737
Light and heat	133,467	121,329
Insurance	44,552	22,032
Catering	309,886	308,025
Security and transport	26,052	27,713
Other costs	79,407	71,506
Bank charges	121	131
	<u>2,410,549</u>	<u>2,404,077</u>
	<u><u>8,011,261</u></u>	<u><u>8,071,851</u></u>

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**9. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Audit fees	-	6,500	6,500	6,500
Accountancy fees	-	6,490	6,490	6,910
Legal & professional fees	-	-	-	927
Other governance costs	-	326	326	1,349
	-	13,316	13,316	15,686

**10. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	603,132	624,596
Auditors' remuneration	6,500	6,500
Auditors' remuneration - non-audit	6,490	6,910
Operating lease rentals:		
- other operating leases	7,904	9,052
Loss on disposal of fixed assets	2,002	7,644

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,445,015	4,458,468
Social security costs	316,642	309,083
Other pension costs (Note 24)	736,897	682,570
	5,498,554	5,450,121
Supply teacher costs	16,511	11,722
	5,515,065	5,461,843

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. STAFF (continued)**

**b. Staff numbers**

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>79</b>	<b>81</b>
Administration and support	<b>52</b>	<b>50</b>
Senior Leadership Team	<b>7</b>	<b>7</b>
	<b>138</b>	<b>138</b>

**c. Higher paid staff**

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
In the band £60,000 - £69,999	<b>3</b>	<b>3</b>
In the band £70,001 - £80,000	<b>1</b>	<b>0</b>
In the band £80,000 - £89,999	<b>0</b>	<b>1</b>

The above bandings state annualised employee emoluments before employer's pension contributions.

NOTES TO THE FINANCIAL STATEMENTS  
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**12. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits for the term of office during the year was as follows:

Mr Timothy Litchfield (Headteacher from September 2014):

Remuneration	£75,000 - £80,000 (2014: not applicable)
Employer's pension contributions	£10,000 - £15,000 (2014: not applicable)

Miss Sarah Barker (Deputy Headteacher):

Remuneration	£60,000 - £65,000 (2014: £60,000 - £65,000)
Employer's pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)

Mr Ian Burrows (Deputy Headteacher):

Remuneration	£65,000 - £70,000 (2014: £65,000 - £70,000)
Employer's pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)

Mr John Swift (School Business Manager / Finance Director):

Remuneration	£60,000 - £65,000 (2014: £60,000 - £65,000)
Employer's pension contributions	£15,000 - £20,000 (2014: £10,000 - £15,000)

Ms Janet Wallace (Staff Governor to October 2014):

Remuneration	£5,000 - £10,000 (2014: £40,000 - £45,000)
Employer's pension contributions	£0,000 - £5,000 (2014: £5,000 - £10,000)

Mr Brian Williams (Staff Governor to October 2014):

Remuneration	£0,000 - £5,000 (2014: £20,000 - £25,000)
Employer's pension contributions	£0,000 - £5,000 (2014: £0,000 - £5,000)

Mr Dariush Samsami (Staff Governor to July 2015):

Remuneration	£40,000 - £45,000 (2014: £40,000 - £45,000)
Employer's pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)

Mrs Karen Cowell (Staff Governor from November 2014):

Remuneration	£25,000 - £30,000 (2014: not applicable)
Employer's pension contributions	£5,000 - £10,000 (2014: not applicable)

Miss Lisa Landreth (Staff Governor from October 2014):

Remuneration	£45,000 - £50,000 (2014: not applicable)
Employer's pension contributions	£5,000 - £10,000 (2014: not applicable)

During the year, no Governors received any reimbursement of expenses (2014 - £NIL).

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**13. 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 governors' liability cover up to £5,000,000 on any one loss and any one membership year. The cost of the insurance for the year ended 31 August 2015 is included in the total insurance cost of which £30,684 was paid to Marsh Limited up to 31 March 2015 and from 1 April 2015 £13,707 was paid under the Department for Education's Risk Protection Arrangement, (RPA). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise from 1 April 2015 are covered by government funds. In the year ended 31 August 2014 an amount of £329 was paid in respect of Governors' and Officers' insurance and this cost was included in the total insurance cost.

**14. OTHER FINANCE INCOME**

	2015 £	2014 £
Expected return on pension scheme assets	110,000	78,000
Interest on pension scheme liabilities	(119,000)	(96,000)
	<u>(9,000)</u>	<u>(18,000)</u>

**15. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Computer equipment £	Leasehold improve- ments and equipment £	Total £
<b>Cost</b>					
At 1 September 2014	24,040,007	47,817	456,533	608,747	25,153,104
Additions	88,971	-	71,338	31,655	191,964
Disposals	-	-	(34,461)	(1,466)	(35,927)
At 31 August 2015	<u>24,128,978</u>	<u>47,817</u>	<u>493,410</u>	<u>638,936</u>	<u>25,309,141</u>
<b>Depreciation</b>					
At 1 September 2014	1,085,612	16,899	260,311	356,662	1,719,484
Charge for the year	337,100	11,486	111,064	143,482	603,132
On disposals	-	-	(32,459)	(1,466)	(33,925)
At 31 August 2015	<u>1,422,712</u>	<u>28,385</u>	<u>338,916</u>	<u>498,678</u>	<u>2,288,691</u>
<b>Net book value</b>					
At 31 August 2015	<u>22,706,266</u>	<u>19,432</u>	<u>154,494</u>	<u>140,258</u>	<u>23,020,450</u>
At 31 August 2014	<u>22,954,395</u>	<u>30,918</u>	<u>196,222</u>	<u>252,085</u>	<u>23,433,620</u>

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**16. DEBTORS**

	2015 £	2014 £
Trade debtors	82	-
VAT repayable	47,224	80,893
Other debtors	43,542	33,918
Prepayments and accrued income	76,871	109,149
	<u>167,719</u>	<u>223,960</u>

**17. CREDITORS:**  
**Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	19,549	15,988
Other taxation and social security (see below)	95,200	97,730
Other creditors	115,318	90,170
Accruals and deferred income	224,970	188,804
	<u>455,037</u>	<u>392,692</u>

**Other taxation and social security**

	2015 £	2014 £
PAYE/NI control	95,200	97,730
	<u>£</u>	<u>£</u>

**Deferred income**

Deferred income at 1 September 2014	167,326
Resources deferred during the year	171,628
Amounts released from previous years	(167,326)
Deferred income at 31 August 2015	<u>171,628</u>

At the balance sheet date, the Academy was holding funds received in advance for the following purposes:

	2015 £	2014 £
School trips	52,950	50,665
Grants & EFA bursary	13,412	13,989
North Hertfordshire School Sports Partnership	72,111	82,709
School fund balances	14,911	5,513
Other 2014/15 amounts	18,244	14,450

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**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General unrestricted funds	209,851	89,134	(68,900)	-	-	230,085
<b>Restricted funds</b>						
General Annual Grant (GAG)	356,901	6,354,579	(6,256,292)	(62,149)	-	393,039
Other restricted funds	382,529	1,086,669	(1,096,692)	-	-	372,506
Pension reserve	(1,172,000)	-	(45,000)	-	38,000	(1,179,000)
	(432,570)	7,441,248	(7,397,984)	(62,149)	38,000	(413,455)
<b>Restricted fixed asset funds</b>						
Capital grants and income	23,438,669	593,779	(605,134)	62,149	-	23,489,463
Total restricted funds	23,006,099	8,035,027	(8,003,118)	-	38,000	23,076,008
Total of funds	23,215,950	8,124,161	(8,072,018)	-	38,000	23,306,093

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Following a deed of variation to the original funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, catering, music services, consortium activities for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. The fund is in deficit but given the nature of the liability this is not payable immediately.

The transfer between the restricted General Annual Grant fund, restricted funds and restricted fixed asset funds represents amounts capitalised during the period.



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

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Hertfordshire local authority following the transfer of the land and buildings.

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	23,020,450	23,020,450	23,433,620
Current assets	230,085	1,220,582	469,013	1,919,680	1,347,021
Creditors due within one year	-	(455,037)	-	(455,037)	(392,691)
Provisions for liabilities and charges	-	(1,179,000)	-	(1,179,000)	(1,172,000)
	<u>230,085</u>	<u>(413,455)</u>	<u>23,489,463</u>	<u>23,306,093</u>	<u>23,215,950</u>

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

	2015 £	2014 £
Net incoming resources	52,143	(377,310)
Returns on investments and servicing of finance	(8,546)	(9,256)
Depreciation of tangible fixed assets	603,132	624,596
Deficit on disposal of tangible fixed assets	2,002	7,644
Capital grants	(584,179)	(26,209)
Capital donations	(9,600)	(11,150)
Decrease in debtors	56,241	42,942
Increase in creditors	62,345	3,395
FRS 17 pension cost less contributions payable	36,000	27,000
FRS 17 pension finance cost	9,000	18,000
<b>Net cash inflow from operations</b>	<u>218,538</u>	<u>299,652</u>

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

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	8,546	9,256
	<u>8,546</u>	<u>9,256</u>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(191,964)	(331,975)
Capital grants	584,179	26,209
Capital donations	9,600	11,150
	<u>401,815</u>	<u>(294,616)</u>
<b>Net cash inflow/(outflow) capital expenditure</b>	<u>401,815</u>	<u>(294,616)</u>

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

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,123,062	628,899	-	1,751,961
<b>Net funds</b>	<u>1,123,062</u>	<u>628,899</u>	<u>-</u>	<u>1,751,961</u>

**23. MEMBERS' LIABILITY**

The Academy is a company limited by guarantee and does not have share capital.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**24. PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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**24. PENSION COMMITMENTS (continued)**

The pension costs paid to TPS in the period amounted to £478,000 (2014: £475,000).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £321,000, of which employer's contributions totalled £259,000 and employees' contributions totalled £62,000. The agreed contribution rates for future years are 25.3% for employers and between 5.5% to 12.5% for employees.

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

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**24. PENSION COMMITMENTS (continued)**

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.80	1,410,000	6.30	1,255,000
Bonds	3.80	614,000	3.30	431,000
Property	3.80	159,000	4.50	131,000
Cash	3.80	91,000	3.30	56,000
Total market value of assets		<u>2,274,000</u>		<u>1,873,000</u>
Present value of scheme liabilities		<u>(3,453,000)</u>		<u>(3,045,000)</u>
Deficit in the scheme		<u><u>(1,179,000)</u></u>		<u><u>(1,172,000)</u></u>

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

The amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(3,453,000)	(3,045,000)
Fair value of scheme assets	<u>2,274,000</u>	<u>1,873,000</u>
Net liability	<u><u>(1,179,000)</u></u>	<u><u>(1,172,000)</u></u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2015 £	2014 £
Current service cost	(295,000)	(235,000)
Interest on obligation	(119,000)	(96,000)
Expected return on scheme assets	<u>110,000</u>	<u>78,000</u>
Total	<u><u>(304,000)</u></u>	<u><u>(253,000)</u></u>
Actual return on scheme assets	<u><u>95,000</u></u>	<u><u>162,000</u></u>

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**24. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening defined benefit obligation	3,045,000	1,945,000
Current service cost	295,000	235,000
Interest cost	119,000	96,000
Contributions by scheme participants	62,000	57,000
Actuarial (Gains)/losses	(53,000)	727,000
Benefits paid	(15,000)	(15,000)
	<u>3,453,000</u>	<u>3,045,000</u>
Closing defined benefit obligation	<u>3,453,000</u>	<u>3,045,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,873,000	1,187,000
Expected return on assets	110,000	78,000
Actuarial gains and (losses)	(15,000)	358,000
Contributions by employer	259,000	208,000
Contributions by employees	62,000	57,000
Benefits paid	(15,000)	(15,000)
	<u>2,274,000</u>	<u>1,873,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS17 is a £534,000 loss (2014 - £572,000 loss).

The Academy expects to contribute £258,000 to its Defined Benefit Pension Scheme in 2016.

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	3.80 %	5.40 %
Rate of increase in salaries	4.10 %	4.00 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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**24. PENSION COMMITMENTS (continued)**

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

	<b>2014</b> <b>Years</b>	<b>2013</b> <b>Years</b>
Retiring today		
Males	<b>22.3</b>	22.3
Females	<b>24.5</b>	24.0
Retiring in 20 years		
Males	<b>24.3</b>	22.4
Females	<b>26.7</b>	25.1

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

Defined benefit pension schemes

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Defined benefit obligation	<b>(3,453,000)</b>	(3,045,000)	(1,945,000)	(1,594,000)
Scheme assets	<b>2,274,000</b>	1,873,000	1,187,000	839,000
Deficit	<b>(1,179,000)</b>	(1,172,000)	(758,000)	(755,000)
Experience adjustments on scheme liabilities	<b>5,000</b>	(534,000)	-	-
Experience adjustments on scheme assets	<b>(15,000)</b>	358,000	86,000	(35,000)

**25. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Expiry date:</b>		
Between 2 and 5 years	<b>7,273</b>	7,297

All commitments above relate to assets other than land and buildings.

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**26. RELATED PARTY TRANSACTIONS**

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, transactions may take place with organisations in which a Governor has 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.

Mr Richard Picking, Deputy Chair of Governors, was engaged as the school's Enterprise Coordinator for the 2014/15 school year. This involved running a series of business related workshops for students, for which he was paid £2,400 during the year.

A Statement of Assurance was completed to ensure the services were provided at below cost.

No other related party transactions took place in the period of account other than those disclosed above and in note 12.

**27. AGENCY ARRANGEMENTS**

The Academy Trust distributes 16-18 bursary funds to students as an agent for the EFA. In the year ending 31 August 2015 the Trust received £14,088 and disbursed £11,016 from the fund. The balance of £3,072 has been added to the bursary funds brought forward so that an amount of £25,299 is included in other creditors relating to the undistributed funds that are repayable to the EFA.