

**Registered number: 07992899**

**The Norton Knatchbull School**

**(A company limited by guarantee)**

**Governors' report and financial statements**

**For the year ended 31 August 2014**



**The Norton Knatchbull School**  
**(A company limited by guarantee)**

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**The Norton Knatchbull School**  
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**Reference and administrative details of the Academy Trust, its governors and advisers**  
**For the year ended 31 August 2014**

**Trustees**

Mr R A Fraser, Vice Chairman<sup>4,6</sup>  
Mr S J Greig (resigned 1 March 2014)<sup>3</sup>  
Mr S Hallam (appointed 1 January 2014)<sup>2</sup>  
Mr I C Rickwood<sup>4</sup>  
Mr P A Brown<sup>4</sup>  
Dr A Trilsbach<sup>4</sup>  
The Rev. Canon T Wilson<sup>4</sup>  
Miss R P Beaumont, Staff Governor  
Mr I R Richards, Chairman<sup>2,6</sup>  
Ms S K Staab, Head Teacher  
The Rev. Canon C G Preece<sup>1</sup>  
The Hon. M-J Knatchbull<sup>1</sup>  
Mr J M Whybrew, Staff Governor  
Mr S E Wratten, Responsible Officer<sup>4</sup>  
Mr D W Race, Chair of Finance<sup>4,6</sup>  
Mr G Jones<sup>4</sup>  
Mr D Turner (appointed 24 October 2013)<sup>3</sup>  
Mrs P O Ogunbona (appointed 24 October 2013)<sup>3</sup>  
Mrs M C Moorhead (appointed 24 October 2013)<sup>3</sup>  
Mr N McClure (appointed 1 September 2014)<sup>5</sup>  
Mr J Holland (appointed 1 September 2014)<sup>5</sup>

- <sup>1</sup> Ex-officio Foundation Governor
- <sup>2</sup> Foundation Governor
- <sup>3</sup> Parent Governor
- <sup>4</sup> Community Governor
- <sup>5</sup> Co-opted Governor
- <sup>6</sup> Member

**Company registered number**

07992899

**Principal and registered office**

Hythe Road  
Ashford  
Kent  
TN24 0QJ

**Company secretary**

Mrs P Bunnell

**Senior leadership team**

Ms S K Staab, Head Teacher  
Mrs T Savage, Deputy Head  
Mr R Hoyte, Assistant Head  
Mr J Maclean, Assistant Head  
Mrs A Griggs, Systems Manager  
Mrs P Bunnell, Business Manager

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**Reference and administrative details of the Academy Trust, its governors and advisers**  
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**Administrative details (continued)**

**Independent auditor**

Reeves & Co LLP  
Statutory Auditor  
Chartered Accountants  
Montague Place  
Quayside  
Chatham Maritime  
Chatham  
Kent  
ME4 4QU

**Bankers**

Lloyds Bank plc  
81 High Street  
Ashford  
Kent  
TN24 8SS

**Solicitors**

Winkworth Sherwood LLP  
Minerva House  
5 Montague Close  
London  
SE1 9BB

**The Norton Knatchbull School**  
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**Governors' report**  
**For the year ended 31 August 2014**

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Norton Knatchbull School (the Academy Trust) for the year ended 31 August 2014. The Governors confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Ashford Kent. It has a pupil capacity of 1137 and had a roll of 1050 in the school census on Jan 2014.

**Structure, governance and management**

**a. Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company is known as The Norton Knatchbull School.

The Academy Trust is constituted under a Memorandum and Articles of Association dated 15 March 2012.

**b. 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.

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

The management of the Academy Trust is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The number of Governors shall be no smaller than three, but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Academy Trust shall have the following (subject to Articles of Association) Governors, who shall be collectively known as "the Board of Governors":

- up to 8 Community Governors
- up to 2 Staff Governors
- up to 4 Foundation Governors
- up to 4 but no fewer than 2 Parent Governors
- The Head Teacher
- any Additional Governors
- any Further Governors
- the Academy Trust may also have any Co-opted Governor appointed

The first Governors shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006. Future Governors shall be appointed or elected, as the case may be, (within the Articles of Association)

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**Governors' report (continued)**  
**For the year ended 31 August 2014**

*Appointment of Governors*

The Board of Governors may appoint up to 8 Community Governors. The Board of Governors may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

Foundation Governors are appointed on the following basis:

- one may be appointed by The Honourable Michael-John Knatchbull or his successor as owner of the Mersham Hatch Estate, the vicar of Ashford and the Rectors of Chart Magna, Aldington and Mersham, all in the County of Kent, acting as an electing body, one may be appointed by the Committee of The Old Boys Association of The Norton Knatchbull School
- The Honourable Michael-John Knatchbull or his successor as owner of the Mersham Hatch Estate shall be a Foundation Governor ex officio
- The Vicar for the time being of Ashford shall be a Foundation Governor ex officio

The remaining Foundation Governors shall appoint another person to act in his place, but this shall not prejudice the ex-officio governorship of his successor in the office from which the ex-officio governorship derives.

The Head Teacher shall be treated for all purposes as being an ex-officio Governor.

The Parent Governors shall be elected by parents of registered pupils at the Academy A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The Board of Governors shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Board of Governors shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate and vote at the election, and given an opportunity to do so.

The number of Parent Governors required shall be made up by Parent Governors appointed by the Board of Governors if the number of parents standing for election is less than the number of vacancies.

In appointing a Parent Governor the Board of Governors shall appoint a person who is the parent of a registered pupil at the Academy or, where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Staff Governors shall be elected by all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Head Teacher) All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Governors Any election of a Staff Governor which is contested shall be held by secret ballot If a Staff Governor ceases to work at the Academy, then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy.

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**Governors' report (continued)**  
**For the year ended 31 August 2014**

*Co-opted Governors*

The Governors may appoint up to 3 Co-opted Governors A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Headteacher)

*Appointment of additional Governors*

The Secretary of State may give a warning notice to the Governors where he is satisfied:

- that the standards of performance of pupils at the Academy are unacceptably low, or
- that there has been a serious breakdown in the way the Academy is managed or governed, or
- that the safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).

The Secretary of State may appoint such Additional Governors as he thinks fit if:

- a) the Secretary of State has given the Governors a warning
- b) the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by the predecessor The Norton Knatchbull School shall be regarded as the grade received by the Academy.

The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

Within 5 days of the Secretary of State appointing any Additional or Further Governors and holding office immediately preceding the appointment of such Governors shall resign immediately, and the power of the Board of Governors to appoint Governors shall remain suspended until the Secretary of State removes one or more of the Additional or Further Governors.

**d. Policies and procedures adopted for the induction and training of Governors**

The Academy purchases the Kent County Council Governor Training package, offers regular training courses or can provide bespoke training for the Board. The Headteacher provides induction training for all new governors including Child Protection. The Academy has recently been awarded the CPD Mark which includes a section on Governor Training.

**e. Organisational structure**

The Norton Knatchbull School Board of Governors Delegation of Functions outlines in detail the exact roles and responsibilities of the Board of Governors, each committee and the roles of officers serving on each committee. It details the role of the Headteacher and any other significant member of staff.

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**Governors' report (continued)**  
**For the year ended 31 August 2014**

**f. Governors' indemnities**

Insurance is in place through Travelers INS Co Ltd Commercial Combined Policy, covering legal liability in respect of any claim for financial loss made against a Governor/Director/Officer/Trustee/Member by reason of wrongful act accidentally committed or occasioned in good faith to the extent that such claim is their personal liability.

The insurance also covers legal liability for compensation in respect of any claim which is made against the school or employee incurred in the conduct of the Professional Services of the school by reason of Breach of Duty, Libel and Slander.

**g. Principal activities**

The Norton Knatchbull School Academy Trust's object is specifically restricted to the following, to advance for the public benefit, education in the United Kingdom, in particular maintaining managing and developing a school offering a broad and balanced curriculum.

To carry out this objective the Academy Trust may exercise the following powers -

- To draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Academy Trust
- To raise funds and to invite and receive contributions provided that in raising funds the Academy Trust shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations.
- To acquire, alter, improve charge or otherwise dispose of property.
- To employ such staff as are necessary for the proper pursuit of the Object and to make all reasonable and necessary provision for the payments of pensions and superannuation to staff and their dependants
- To establish or support, whether financially or otherwise, any charitable trusts, associations or institutions formed for all or any of the Object
- To co-operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in delivering its objects and to exchange information and advice with them.
- To pay out of funds of The Norton Knatchbull School Academy Trust the costs, charges and expenses of and incidental to the formation and registration of the Academy Trust
- To establish, maintain, carry on, manage and develop the Academy at Hythe Road, Ashford, Kent TN24 0W
- To offer scholarships, exhibitions, prizes and awards to pupils and former pupils, and otherwise to encourage and assist pupils and former pupils
- To provide educational facilities and services to students of all ages and the wider community for the public benefit
- To carry out research into the development and application of new techniques in education in particular in relation to the areas of curricular specialisation of the Academy and to its approach to curriculum development and delivery and to publish the results of such research, and to develop means of benefiting from application of the experience of industry, commerce, other schools and the voluntary sector to the education of pupils in academies
- Subject to such consents as may be required by law and/or by any contract entered into by or on behalf of the Academy Trust to borrow and raise money for the furtherance of the Object in such manner and on such security as the Academy Trust may think fit
- To deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification)



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- To delegate the management of investments to a financial expert, but only on terms that the investment policy is set down in writing for the financial expert by the Governors:
  - (i) Every transaction is reported promptly to the Governors,
  - (ii) The performance of the investments is reviewed regularly with the Governors,
  - (iii) The Governors are entitled to cancel the delegation arrangement at any time.
  - (iv) The investment policy and the delegation arrangement are reviewed at least once a year,
  - (v) All payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt,
  - (vi) The financial expert must not do anything outside the powers of the Governors.
- To arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required.
- To provide indemnity insurance to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust Provided that any such Insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Governors.
- To establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy trust.
- To do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Object

**Objectives and Activities**

**a. Objects and aims**

The principal object of the charitable company is the operation of the Academy to provide education for pupils of selective ability between the ages of 11 and 19.

**b. Objectives, strategies and activities**

During the year ended 31 August 2014, the Academy has pursued the following vision, strategies and activities:

Development area 1: "Effective teaching results in challenging and stimulating learning opportunities and outstanding student progress."

- Improve the quality of teaching at all levels further by developing a structured coaching programme
- Improve the quality of planning and assessment further by ensuring that schemes of work and associated assessment at all levels are in place and are rigorous

Development Area 2: "All students experience a challenging and stimulating education which fosters in them a habit of life-long learning and high aspirations for the future."

- To increase parental support of student learning by developing the use of the Parental Portal
- To increase student motivation and achievement by embedding the enhanced A level curriculum and associated opportunities for IAG

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Development Area 3: "A continued focus on student welfare and all aspects of the ECM agenda enables students to maximise their potential and to become well-rounded, considerate and successful individuals."

- To increase student motivation by embedding the new system of rewards and increase wider awareness of student achievement
- To improve student achievement further by developing a sustainable system of academic mentoring at all levels

Development area 4: "The school's support systems and structures secure efficiency and effectiveness whilst maximising outcomes for students."

- To improve intervention strategies and student achievement by developing a new data tracking system
- To increase flexibility within timetable to accommodate rise in student numbers and reduction in staffing

Development area 5: "The school's actions in terms of finance, estates and personnel maximise efficiency and effectiveness and achieve the best possible outcomes for students."

- To accommodate the anticipated year-on-year increase in student numbers by planning for medium and long term development of facilities
- To ensure adequate funding of all school activities by maintaining a healthy budget in the face of on-going government funding cuts

**c. Public benefit**

The Academy Trust aims to advance for the public benefit, education in the United Kingdom. In setting the objectives of the Trust and planning associated activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The Norton Knatchbull School Academy Trust is a selective grammar school catering for pupils aged 11 to 19. It admits only boys in years 7 to 11; and girls are welcomed into the sixth form. The catchment area, once the selection criteria are met, is based primarily on proximity to the school. If the number of preferences for the school is more than the number of places available, places will be allocated to eligible pupils in the following priority order:

- **Children in Local Authority Care**

A child under the age of 18 years, for whom Kent County Council provides accommodation by agreement with their parents/carers (Section 22 of the Children Act 1989), or who ceased to be so because they were adopted, or who is the subject of a care order under Part IV of the Act.

- **Current Family Association**

A brother or sister attending the school when the child starts; in this context brother or sister means children who live as brother or sister in the same house, including natural brothers or sisters, adopted siblings, stepbrothers or sisters and foster brothers and sisters. If siblings, from multiple births (twins, triplets etc.) apply for a school and the school would reach its Published Admission Number (PAN) after admitting one or more, but before admitting all of those siblings, the LA will offer a place to each of the sibling, even if doing so takes the school above its PAN.

- **Health and Special Access Reasons**

Medical/Health and Special access Reasons will be applied in accordance with the school's legal obligations, in particular those under the Equality Act 2010. Priority will be given to those children whose mental or physical impairment means they have a demonstrable and significant need to attend a particular school. Equally this priority will apply to children whose parents'/guardians', physical or mental health or social need means there is a demonstrable and significant need for their child to attend a particular school. Such claims will need to be supported by written evidence from a suitably qualified medical or other practitioner who can demonstrate a special connection between these needs and the particular school.

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- **Nearness of children's homes to school**

The distance between the child's permanent home address and the school is measured in a straight line using Ordnance Survey address point data. Distances are measured from a point defined as within the child's home to a point defined as within the school as specified by Ordnance Survey. The same address point on the school site is used for everybody. When we apply the distance criterion for an oversubscribed Community or Voluntary Controlled school, these straight line measurements are used to determine how close each applicant's address is to the school.

**Achievements and performance**

**Strategic report**

**a. Going concern**

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy Trust 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.

**b. Key financial performance indicators**

The Board of Governors are of the opinion that the following key performance indicators require specific monitoring. These significant indicators are:

- Student numbers post 16 provision - reductions in numbers result in a significant loss in funding.
- Staffing costs
- Pension liabilities and management of LGPS pension fund
- Academic results at GCSE, AS and A2 level
- Student numbers in Year 7. The Academy has applied to the SOS to increase our PAN from 149 to 180 per year group 7 to 11.
- Building projects and Capital Funding allocation to improve school facilities
- Impending General Election - further changes to Education

We have written to the Secretary of State requesting a formal change to our funding agreement to reflect the increase in our PAN from 149 to 180, and are awaiting a response.

Our current numbers on roll are as follows (final figures for 2013/14 are in brackets):

Year 7 – 171 (177)  
Year 8 – 177 (153)  
Year 9 – 155 (151)  
Year 10 – 150 (149)  
Year 11 – 148 (140)  
Year 12 – 157 (132)  
Year 13 – 122 (145)  
Total – 1080 (actual)

The Board of Governors approves the annual budget of the Academy with the aim to ensure that there is an in-year surplus and any additional rollover from the previous years is used for identified projects and developments or contingencies. The annual budget position is monitored and reported to Governors on a regular basis with areas of under or overspend being highlighted. For this reason it continues to adopt the going concern basis in preparing the financial statements.

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**c. Review of activities**

The Governors were reasonably satisfied with the public examination results achieved by the students during the year ended 31st August 2014. In summary, these were as follows:

*Whole school pupil performance targets for 2013-14*

**KS4 (based on aspirational targets generated by FFT)**

- Percentage of 5A\*-C grades to be 98% = actual 97.9%
- Percentage of 5A\*-C grades including English and Mathematics to be 97% = actual 96.43% (92.86% on first entry)
- Percentage of students gaining five or more A\*/A grades to be 58.7% = actual 48.6%
- Uncapped points score to be 578.6 = actual 549.2
- Capped points score to be 407.2 = actual 391.6
- Percentage of students making 3+ levels of progress in English to be 90% = actual 88% (86% on first entry)
- Percentage of students making 4+ levels of progress in English to be 59% = actual 56%
- Percentage of students making 3+ levels of progress in Mathematics to be 90% = actual 96%
- Percentage of students making 4+ levels of progress in Mathematics to be 65% = actual 62%
- Percentage of students making 3+ levels of progress in science to be 90% = actual 87.1%
- Percentage of students making 4+ levels of progress in science to be 65% = actual 61.4%
- Percentage of students achieving the English Baccalaureate to be 70% = actual 72.86% (71.43% on first entry)

**KS5 (based on aspirational targets generated by FFT, ALIS and ALPS)**

- Percentage of A2 students gaining 3+ A\*-E grades and equivalent to be 93% = actual 93%
- Percentage of A\*/A grades at A2 level to be 35% = actual 21.9%
- Percentage of A\*-B grades at A2 level to be 70% = actual 50%
- APS/student including A level and IB to be 906.03 (after students dropped fourth subject) = actual 847.94
- APS/entry including A level and IB to be 235.9 = actual 210.89
- IB average points score to be 34.5 = actual 33.1

*Summary of School Development Plan 2013-14*

- During the year development areas 1, 4 and 5 were fully achieved.
- In development area 2 the objective to increase student motivation and achievement by embedding the enhanced A level curriculum was fully achieved and to increase parental support of learning was partially achieved.
- In development area 3 the objective to increase student motivation via a new system of rewards was fully achieved and the objective to improve student achievement by developing a sustainable level of academic mentoring was partially achieved.

**d. Investment policy and performance**

The Academy does not currently have a formal investment policy, except that no speculations or investments which may put the Academy's funds at risk should be made. Surplus funds are placed on deposit at recognised UK clearing banks approved by the Directors. This year we placed £150,000 on higher rate deposit with Lloyds.

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**For the year ended 31 August 2014**

**Financial review**

During the year to 31 August 2014 total income, including capital income was £6,186,686 of which £440,397 was unrestricted income.

Total expenditure for the year to 31 August 2014 was £6,182,210 of which:

- Employee costs of £3,918,348 represented 63.4% of total expenditure  
Represented by:
  - ⇒ Teaching and Supply - £3,181,049 equals 81.2% of employee costs
  - ⇒ Cover staff, Technicians and Administrative - £653,092 equals 16.7%
  - ⇒ Premises and Site staff costs - £84,207 equals 2.1%
- Premises related costs of £911,154 represented 14.7% of total expenditure
- Educational supplies and services of £125,275 represented 2.0% of total expenditure

The operating surplus excluding pension adjustments for the year ended 31 August 2014 was £6,476. The restricted fund has reserves, excluding pension reserve, for the year ended 31 August 2014 of £71,109.

**a. Financial and risk management objectives and policies**

The Financial position of the Trust remains stable and shows a surplus rollover at the end of 13-14 and projected end of year surpluses for the next three years. This is despite funding cuts to the 7-11 GAG allocation and also the 16-19 funding allocations are in the final year of its protection.

Pupil numbers are stable and will see the second year of increase from 149 to 180 in year 7. We are still awaiting approval from the Secretary of State for the formal increase to our admission numbers in year 7-11.

The Academy successfully bid for ACMF funding in January 2014 and were awarded £1.59m to improve the external envelope of the original main building. This was to incorporate new roof windows and thermal insulations whilst at the same time to improve the whole aesthetics of the building. We worked in partnership with Roberts and Limbrick Architects to secure this funding. We shall continue to work with them to develop and improve the Academies facilities.

Other risks and uncertainties which could face the Academy relate to the reputation of the Academy. This could arise from an OFSTED inspection or other governmental report, or an event occurring outside of the control of the Directors.

The members, Directors/Governors will continue to review the risk (Risk management policy and register refer) and to manage them in line with the local climate and demands. The Academy will ensure it continues to secure best value with all procurement of services and goods.

**b. Principal risks and uncertainties**

The main risks which have been identified for the year ending 31 August 2014 have been highlighted within our Risk Policy; include:

- Strategic and Reputational Risks
- Operational Risks
- Compliance Risks
- Financial Risks

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**Governors' report (continued)**  
**For the year ended 31 August 2014**

**c. Reserves policy**

It is the Trustees' objective to maintain a structure of prudent financial management. To this end we aim to carry forward an amount that is no more than the maximum allowable of the Academy's allocated GAG funding, so that the Academy can best protect and plan its current and future operating activities.

Reserves are intended to ensure the Academy is equipped with enough high quality equipment to meet its aims and to ensure that a robust maintenance and renewal programme can be planned and carried out. The Trustees will keep the level of reserves under review.

The Academy Trust's current level of reserves, both restricted and unrestricted, is shown within the financial statements (note 20). The Academy Trust maintains a pension reserve fund which represents the Academy's share of the LGPS fund surplus or deficit, calculated in accordance with Financial Reporting Standard (FRS)17. Further details of the calculations and assumptions underlying the balance on this fund are set out in note 26 to the financial statements.

**d. Deficit**

The restricted fund at 31 August 2014 is in deficit by £688,891. This arises from the pension reserve fund which represents the Academy's share of the LGPS fund deficit of £760,000, calculated in accordance with Financial Reporting Standard (FRS)17 by Barnett Waddingham LLP. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the Academy have been fixed for the three years from 1 April 2014.

**e. Principal funding**

The majority of the Academy Trust's income is in the form of recurrent grants from the EFA and the use of this income is restricted to the particular purpose of the grant. The grants received from the EFA and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The remainder of income was raised via fees and charges for lettings and the income is unrestricted.

In addition the Academy Trust receives capital funding and was successful in a bid for funds from the Academies Capital Fund. These grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

**Plans for future periods**

**a. Future developments**

The governors will continue to seek improvement in the levels of performance of its students to allow them to perform to the best of their abilities and to prepare them fully for their future choices of education, training and employment.

The Academy will continue to develop its formal link with Willesborough Junior School with the aim of working towards "outstanding" provision and achievement in both schools. The Academy may consider developing further links with other primary and secondary schools in the future in order to share good practice and work towards this aim.

Within the context of the Academy's vision statements, as set out above and below, targets for 2014/15 are as follows:

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**Governors' report (continued)**  
**For the year ended 31 August 2014**

*Whole school pupil performance targets for 2014-15*

KS4 (based on aspirational FFT targets and levels of progress KS2-4 for science)

- Percentage of 5A\*-C grades to be 98%
- Percentage of 5A\*-C grades including English and Mathematics to be 95%
- Percentage of students gaining five or more A\*/A grades to be 67%
- Percentage of A\*/A grades to be 48.9%
- Uncapped points score to be 582.9
- Capped points score to be 402.2
- % students making 3+ levels of progress in English to be 83%
- % students making 4+ levels of progress in English to be 48%
- % students making 3+ levels of progress in Maths to be 87%
- % students making 4+ levels of progress in Maths to be 59%
- % students making 3+ levels of progress in science to be 87%
- % students making 4+ levels of progress in science to be 59%
- % students achieving the English Baccalaureate to be 78%

KS5 (based on aspirational ALPS targets)

- Percentage of A2 students gaining 3+ A\*-E grades to be 83.5%
- Percentage of A\*/A grades to be 23%
- Percentage of A\*-B grades to be 69%
- APS/student to be 792.7 (includes AS grades and A2 grades)
- APS/entry to be 227.8 (includes AS grades and A2 grades)

*Summary of SPD for 2014-15*

Development Area 1: "Teaching is innovative, challenging and engaging, thus resulting in outstanding progress for all students."

- To raise achievement at post-16 level by developing sixth form pedagogy and the rigour of challenge, intervention and assessment.
- To raise achievement at GCSE level by developing pedagogy and a rigorous cycle of assessment, challenge and intervention.

Development Area 2: "Learning in all subjects is closely tailored to the needs and abilities of students, inspiring them and enabling them to make outstanding progress."

- To raise student achievement by establishing opportunities for a structured learning dialogue between students and teachers.
- To raise the quality of the student learning experience by developing a rigorous system of work reviews, learning support and academic mentoring.

Development Area 3: "All students experience a rigorous and stimulating curriculum which fosters in them a habit of life-long learning and high aspirations for the future."

- To raise student motivation and achievement by ensuring that curriculum provision is appropriately challenging and meets statutory requirements.
- To raise student motivation and achievement by embedding a range of opportunities for parents to support student learning.

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governors' report (continued)**  
**For the year ended 31 August 2014**

Development Area 4: "Our strong emphasis on personal welfare and excellent opportunities for engagement enables all students to reach their potential and to become well-rounded, considerate and confident individuals."

- To increase student aspirations and achievement by highlighting and widening the range of opportunities for student leadership at all levels.
- To raise student motivation and achievement at post-16 level by developing an effective reward system for sixth form students.

Development Area 5: "The school's systems and structures secure efficiency and effectiveness and facilitate early intervention and targeted support for students. "

- To support middle and senior leaders to provide early intervention and targeted support by further refining the school data system.
- To facilitate the implementation of a personalised and challenging curriculum at KS4 by providing efficient timetabling.

Development Area 6: "The school's actions in terms of finance, estates and personnel maximise efficiency and effectiveness and create a stimulating learning environment."

- To support continuity of teaching and learning by securing efficient implementation and timely completion of the planned works to the main building.
- To enhance the learning environment further by securing funding for the next phase of the Premises Development Plan.

**(end of Strategic Report)**

**Funds held as custodian trustee on behalf of others**

The Norton Knatchbull School Academy Trust acts as custodian in respect of the following accounts:

**Ashford Grammar School Endowment Accounts (Registered Charity 307842)**

Ashford Grammar School Account is administered by the trustees of the land and building of the old Ashford Grammar School – The proceeds from the sale of land by the trustees was loaned to the Norton Knatchbull School and repayments of the loan by the school are made into this account.

**Ashford Grammar School Prize & Scholarship Fund (Registered Charity 1077599)**

This account accrues annuities. Annual prize day events are funded from the Prize Account and the Harper scholarship account is to be used for small scholarships for past and present students of the school.



**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governors' report (continued)**  
**For the year ended 31 August 2014**

**Employee involvement and employment of the disabled**

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Governors.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy Trust's Equal opportunities policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

*Equal opportunities*

The Directors recognise that equal opportunities are integral part of good practice within the workplace. The Academy aims to establish equality of opportunity in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

*Disabled persons*

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the ground floor areas to the Academy's buildings. Where appropriate, lifts have been installed to facilitate wheelchair and disabled access to the upper levels of the buildings. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available, and through training and career development.

**Disclosure of information to auditor**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governors' report (continued)**  
**For the year ended 31 August 2014**

**Auditor**

The auditor, Reeves & Co LLP, has indicated its willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditor 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 12 December 2014 and signed on the board's behalf by:



**Mr I R Richards, Chairman**  
Governor



**Mr R A Fraser, Vice Chairman**  
Governor

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governance Statement**

**Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that The Norton Knatchbull 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 Head Teacher, Ms Susanne Staab, 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 Norton Knatchbull 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
Mr R A Fraser, Vice Chairman	5	6
Mr S J Greig (resigned 1 March 2014)	1	3
Mr S Hallam (appointed 1 January 2014)	4	4
Mr I C Rickwood	6	6
Mr P A Brown	5	6
Dr A Trilsbach	5	6
The Rev. Canon T Wilson	6	6
Miss R P Beaumont, Staff Governor	5	6
Mr I R Richards	6	6
Ms S K Staab, Head Teacher	6	6
The Rev. Canon C G Preece	4	6
The Hon. M-J Knatchbull	4	6
Mr J M Whybrew, Staff Governor	5	6
Mr S E Wratten, Responsible Officer	6	6
Mr D W Race, Chair of Finance	5	6
Mr G Jones	4	6
Mr D Turner (appointed 24 October 2013)	5	5
Mrs P O Ogunbona (appointed 24 October 2013)	4	5
Mrs M C Moorhead (appointed 24 October 2013)	5	5

Non-attendance by some Governors has been noted this year and apologies have been received. The Board of Governors accept these apologies and understand they are due to work and other unavoidable commitments. The Board values the commitment and input from these Governors and approves the non-attendance at some meetings.

**Governance reviews:**

A skills audit of the Governing Body was undertaken in the year. As a result two new Governors with finance experience were recruited on 1 September 2014. All new Governors undertake a skills audit as part of their initiation process.

In addition, the Chair of Governors undertook the National College Chair of Governors Leadership Programme. As part of the programme, he met twice with the Chair of Governors of a similar size local 'outstanding' school to review both his performance and that of the Governing Body as a whole.

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to:

- To provide guidance to The Board of Governors and the Head Teacher on all matters relating to finance
- To review financial policy in the light of medium and long term planning and in line with the Secretary of State's Funding Agreement
- To consider the school development plan and management plans and to draw up an annual budget to be presented to the Board of Governors
- To monitor income, expenditure, adjustments and virements, and report termly to the Governing Body
- To agree the level of day-to-day financial management by the Head Teacher, senior staff and School Business Manager
- To arrange the auditing processes of all accounts and to oversee their use
- To liaise with the Auditing Committee as required

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr S J Greig (resigned 1 March 2014)	2	3
Mr R A Fraser	6	6
The Hon. M Knatchbull	6	6
Mr S E Wratten	4	6
Mr I R Richards	5	6
Mr D W Race, Chair	4	6
Ms S K Staab	5	6
Mrs P Ogunbona (appointed 24 October 2013)	2	5

Due to work commitments, Mr S J Greig resigned as a Governor and Chair of the Finance Committee in the year. Mr D W Race was duly elected as Chair.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Norton Knatchbull School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy Trust 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 Trust's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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 Mr Simon Wratten, a Governor, as Responsible Officer (RO) in conjunction with Reeves LLP.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The RO has delivered his schedule of work as planned. No issues arose from the reports issued by the RO during the financial year to 31 August 2014.

**Review of Effectiveness**

As Accounting Officer, the Head Teacher, Ms Susanne Staab 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 Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 12 December 2014 and signed on its behalf, by:



**Mr I R Richards, Chairman**  
Governor



**Ms S K Staab, Head Teacher**  
Governor

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Norton Knatchbull School I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Academy Trust Governing Body are able to identify any material, irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook (2013).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered in the year ended 31 August 2014. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA.



**Ms S K Staab, Head Teacher**  
Accounting Officer

Date: 12.12.14

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Governors' responsibilities statement**  
**For the year ended 31 August 2014**

The Governors (who act as governors of The Norton Knatchbull 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 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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;
- 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 business.

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 12 December 2014 and signed on its behalf by:



**Mr I R Richards, Chairman**  
Governor

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Independent auditor's report to the members of The Norton Knatchbull School**

We have audited the financial statements of The Norton Knatchbull School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

**Respective responsibilities of Governors and auditor**

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

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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 Trust's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

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



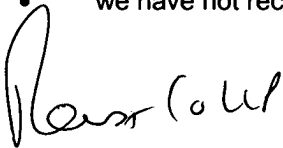
**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Independent auditor's report to the members of The Norton Knatchbull School**

**Matters on which we are required to report by exception**

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

- 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.



Susan Robinson BA FCA FCIE DChA MCMI (Senior statutory auditor)  
for and on behalf of  
**Reeves & Co LLP**  
Statutory Auditor  
Chartered Accountants  
Chatham Maritime  
12 December 2014

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Independent reporting accountant's assurance report on regularity to the Governing Body of The Norton Knatchbull School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 16 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Norton Knatchbull School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Norton Knatchbull School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Norton Knatchbull 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 Norton Knatchbull School and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Norton Knatchbull School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Norton Knatchbull School's funding agreement with the Secretary of State for Education dated 1 April 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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 Trust's income and expenditure.

**The Norton Knatchbull School**  
**(A company limited by guarantee)**

**Independent reporting accountant's assurance report on regularity to the Governing Body of The Norton Knatchbull School and the Education Funding Agency (continued)**

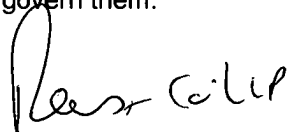
**Work undertaken**

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Ensured that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook

**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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Susan Robinson BA FCA FCIE DChA MCMI

**Reeves & Co LLP**  
Reporting Accountant

Chatham Maritime

Date: 12 December 2014

**The Norton Knatchbull 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 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	2	21,399	-	-	21,399	173,556
Activities for generating funds	3	418,012	12,116	-	430,128	115,037
Investment income	4	986	-	-	986	770
Incoming resources from charitable activities	5	-	4,964,520	771,653	5,736,173	5,387,736
<b>Total incoming resources</b>		<b>440,397</b>	<b>4,976,636</b>	<b>771,653</b>	<b>6,188,686</b>	<b>5,677,099</b>
<b>Resources expended</b>						
Charitable activities	9	430,338	4,935,031	777,245	6,142,614	5,809,921
Governance costs	10	-	39,596	-	39,596	19,102
<b>Total resources expended</b>	6	<b>430,338</b>	<b>4,974,627</b>	<b>777,245</b>	<b>6,182,210</b>	<b>5,829,023</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>10,059</b>	<b>2,009</b>	<b>(5,592)</b>	<b>6,476</b>	<b>(151,924)</b>
Transfers between Funds	20	(57,787)	(120,901)	178,688	-	-
<b>Net income / (expenditure) for the year</b>		<b>(47,728)</b>	<b>(118,892)</b>	<b>173,096</b>	<b>6,476</b>	<b>(151,924)</b>
Actuarial gains and losses on defined benefit pension schemes		-	62,000	-	62,000	(25,000)
<b>Net movement in funds for the year</b>		<b>(47,728)</b>	<b>(56,892)</b>	<b>173,096</b>	<b>68,476</b>	<b>(176,924)</b>
Total funds at 1 September 2013		108,583	(631,999)	14,929,533	14,406,117	14,583,041
<b>Total funds at 31 August 2014</b>		<b>60,855</b>	<b>(688,891)</b>	<b>15,102,629</b>	<b>14,474,593</b>	<b>14,406,117</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 29 to 48 form part of these financial statements.

**The Norton Knatchbull School**  
**(A company limited by guarantee)**  
**Registered number: 07992899**

**Balance sheet**  
**As at 31 August 2014**

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	16		15,021,090		15,247,553
<b>Current assets</b>					
Debtors	17	125,783		108,568	
Cash at bank and in hand		859,049		543,342	
		<u>984,832</u>		<u>651,910</u>	
<b>Creditors:</b> amounts falling due within one year	18	<u>(437,817)</u>		<u>(358,262)</u>	
<b>Net current assets</b>			<u>547,015</u>		<u>293,648</u>
<b>Total assets less current liabilities</b>			<u>15,568,105</u>		<u>15,541,201</u>
<b>Creditors:</b> amounts falling due after more than one year	19		<u>(333,512)</u>		<u>(369,084)</u>
<b>Net assets excluding pension scheme liability</b>			<u>15,234,593</u>		<u>15,172,117</u>
Defined benefit pension scheme liability	26		<u>(760,000)</u>		<u>(766,000)</u>
<b>Net assets including pension scheme liability</b>			<u><u>14,474,593</u></u>		<u><u>14,406,117</u></u>
<b>Funds of the academy</b>					
Restricted funds:					
Restricted funds	20	71,109		134,001	
Restricted fixed asset funds	20	15,102,629		14,929,533	
		<u>15,173,738</u>		<u>15,063,534</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(760,000)</u>		<u>(766,000)</u>	
Total restricted funds			<u>14,413,738</u>		<u>14,297,534</u>
Unrestricted funds	20		<u>60,855</u>		<u>108,583</u>
<b>Total funds</b>			<u><u>14,474,593</u></u>		<u><u>14,406,117</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 12 December 2014 and are signed on their behalf, by:



**Mr I R Richards, Chairman**  
Governor



**Ms S K Staab, Head Teacher**  
Governor

The notes on pages 29 to 48 form part of these financial statements.

**The Norton Knatchbull School**  
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**Cash flow statement**  
**For the year ended 31 August 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Net cash flow from operating activities	22	<b>(278,244)</b>	205,090
Returns on investments and servicing of finance	23	<b>167</b>	(332)
Capital expenditure and financial investment	23	<b>629,073</b>	41,857
<b>Cash inflow before financing</b>		<b>350,996</b>	246,615
Financing	23	<b>(35,289)</b>	(36,955)
<b>Increase in cash in the year</b>		<b>315,707</b>	209,660

**Reconciliation of net cash flow to movement in net funds**  
**For the year ended 31 August 2014**

	<b>2014 £</b>	<b>2013 £</b>
Increase in cash in the year	<b>315,707</b>	209,660
Cash outflow from decrease in debt and lease financing	<b>35,289</b>	36,955
Other loans inherited on conversion	-	-
<b>Movement in net funds in the year</b>	<b>350,996</b>	246,615
Net funds/(debt) at 1 September 2013	<b>138,969</b>	(107,646)
<b>Net funds at 31 August 2014</b>	<b>489,965</b>	138,969

The notes on pages 29 to 48 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 August 2014**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

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

**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 Trust 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 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Department for Education.

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

**1.4 Incoming resources**

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

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

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

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

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

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

**Notes to the financial statements**  
**For the year ended 31 August 2014**

**1. Accounting policies (continued)**

**1.5 Resources expended**

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

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

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Tangible fixed assets and depreciation**

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

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

A review for impairment of fixed assets 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.

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 buildings	-	50 years straight line
Fixtures and fittings	-	3 - 6 years straight line
Computer equipment	-	5 years straight line
Site improvements	-	15 years straight line

**1.7 Operating leases**

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



**The Norton Knatchbull School**  
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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**1. Accounting policies (continued)**

**1.8 Taxation**

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

**1.9 Pensions**

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

**2. Voluntary income**

	<b>Unrestricted funds 2014 £</b>	<b>Restricted funds 2014 £</b>	<b>Total funds 2014 £</b>	<b>Total funds 2013 £</b>
Donations	21,399	-	21,399	130,810
Government grants	-	-	-	42,746
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<b>21,399</b>	<b>-</b>	<b>21,399</b>	<b>173,556</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**The Norton Knatchbull School**  
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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**3. Activities for generating funds**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Income from lettings	24,177	-	24,177	15,503
Income from facilities & charges	9,994	-	9,994	25,964
General fees & charges	35,284	-	35,284	10,456
Insurance claims	-	-	-	1,373
Reprographics income	15,632	-	15,632	13,387
School fund income	332,925	12,116	345,041	48,354
	<u>418,012</u>	<u>12,116</u>	<u>430,128</u>	<u>115,037</u>

**4. Investment income**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	986	-	986	770
	<u>986</u>	<u>-</u>	<u>986</u>	<u>770</u>

**5. Funding for Academy's educational operations**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	4,866,125	4,866,125	5,183,466
Capital grants	-	771,653	771,653	148,039
Other DfE / EFA grants	-	69,389	69,389	56,231
	<u>-</u>	<u>5,707,167</u>	<u>5,707,167</u>	<u>5,387,736</u>
<b>Other government grants</b>				
Other government grants	-	29,006	29,006	-
	<u>-</u>	<u>29,006</u>	<u>29,006</u>	<u>-</u>
	<u>-</u>	<u>5,736,173</u>	<u>5,736,173</u>	<u>5,387,736</u>

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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**6. Resources expended**

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Direct costs	3,432,619	-	277,730	3,710,349	3,776,808
Support costs	485,729	911,154	1,035,382	2,432,265	2,025,893
<b>Charitable activities</b>	<b>3,918,348</b>	<b>911,154</b>	<b>1,313,112</b>	<b>6,142,614</b>	<b>5,802,701</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>39,596</b>	<b>39,596</b>	<b>19,102</b>
	<b>3,918,348</b>	<b>911,154</b>	<b>1,352,708</b>	<b>6,182,210</b>	<b>5,821,803</b>

**7. Analysis of resources expended by activities**

	Activities undertaken directly	Grant funding of activities	Support costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Direct costs	3,702,466	7,883	2,432,265	6,142,614	5,809,921

**8. Grants to individuals**

	Number	Total 2014	Number	Total 2013
		£		£
Bursaries	10	7,883	13	7,220

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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**9. Charitable activities**

	<b>Total funds 2014 £</b>	<b>Total funds 2013 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	2,859,993	2,906,484
Social security costs	209,137	219,060
Pension cost	363,489	388,573
Education supplies	111,042	102,422
Exam fees	127,927	111,571
Staff training & development	16,545	16,185
Professional services - Curriculum	14,233	32,099
Admission appeals	100	414
	<hr/> 3,702,466 <hr/>	<hr/> 3,776,808 <hr/>
<b>Support costs - educational operations</b>		
Wages and salaries	357,246	353,723
Social security costs	28,879	27,186
Pension cost	99,604	85,405
Depreciation	369,043	348,531
FRS17 pension finance cost (note 15)	28,000	22,000
Computer costs	77,690	57,566
Catering	58,192	11,344
Printing, postage and stationery	55,033	52,153
Telephone and fax	6,994	7,157
Minibus	4,106	3,769
Staff travel and subsistence	3,198	4,642
Staff recruitment	9,335	21,253
Marketing	17,941	21,960
Professional services	76,131	15,412
Bad debts	87	3
Lettings costs	-	506
Loan interest	819	1,102
Premises insurance	50,602	59,296
Light and heat	80,659	80,575
Rates and water	62,583	64,978
Cleaning	122,979	115,174
Maintenance of premises and equipment	594,331	534,852
School fund expenditure	304,680	64,086
Sundry expenses	24,133	73,220
	<hr/> 2,432,265 <hr/>	<hr/> 2,025,893 <hr/>
	<hr/> <b>6,134,731</b> <hr/>	<hr/> <b>5,802,701</b> <hr/>

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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**10. Governance costs**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditor's remuneration - Responsible officer costs	-	3,208	3,208	3,042
Auditor's remuneration	-	6,570	6,570	5,950
Auditor's remuneration - non-audit	-	1,233	1,233	1,175
Legal and professional fees	-	25,117	25,117	3,721
Governors' training and expenses	-	2,018	2,018	2,029
Auditors' remuneration - other audit costs	-	1,450	1,450	3,185
	-	39,596	39,596	19,102

**11. Net incoming / (outgoing) resources**

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	369,043	348,531
Auditor's remuneration	6,570	5,950
Operating lease rentals:		
- other operating leases	48,128	52,150

**12. Staff**

**a. Staff costs**

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	3,097,549	3,218,782
Social security costs	238,016	246,246
Other pension costs (Note 26)	463,093	473,978
	3,798,658	3,939,006
Supply teacher costs	97,021	41,425
Staff restructuring costs	22,669	-
	3,918,348	3,980,431

**b. Staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £22,669 (2013: nil). Two of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £6,669 and £16,000.

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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**12. Staff (continued)**

**c. Staff numbers**

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>65</b>	73
Administration and support	<b>32</b>	46
Management	<b>6</b>	6
	<hr/> <b>103</b> <hr/>	<hr/> 125 <hr/>

**d. Higher paid staff**

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	0
In the band £80,001 - £90,000	<b>1</b>	1
	<hr/> <b>3</b> <hr/>	<hr/> 1 <hr/>

Two of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £21,926 (2013: £11,882). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £7,862 (2013: £Nil).

**Notes to the financial statements**  
**For the year ended 31 August 2014**

**13. Governors' remuneration and expenses**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
S Staab, Head Teacher and trustee	<b>85,000-90,000</b>	80,000-85,000
R Beaumont, Staff Governor and trustee	<b>35,000-40,000</b>	30,000-35,000
J Whybrew, Staff Governor and trustee	<b>30,000-35,000</b>	30,000-35,000

During the year, no Governors received any benefits in kind (2013 - £NIL).

During the year ended 31 August 2014, expenses totalling £658 (2013 - £808) were reimbursed to 3 Governors (2013 - 3).

Two of the above Governors participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £17,334 (2013: £16,702). The other Governor participated in the Local Government Pension Scheme, pension contributions amounted to £5,810 (2013: £5,547).

**14. Governors' and officers' insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,274 (2013 - £1,203). The cost of this insurance is included in the total insurance cost.

**15. Other finance income**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	<b>38,000</b>	22,000
Interest on pension scheme liabilities	<b>(66,000)</b>	(44,000)
	<b><u>(28,000)</u></b>	<b><u>(22,000)</u></b>

**The Norton Knatchbull School**  
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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**16. Tangible fixed assets**

	Long-term leasehold buildings £	Fixtures and fittings £	Computer equipment £	Site improvements £	Total £
<b>Cost or valuation</b>					
At 1 September 2013	15,502,500	98,104	134,131	-	15,734,735
Additions	-	52,296	8,104	82,180	142,580
Disposals	-	-	(17,771)	-	(17,771)
At 31 August 2014	15,502,500	150,400	124,464	82,180	15,859,544
<b>Depreciation</b>					
At 1 September 2013	439,238	21,559	26,385	-	487,182
Charge for the year	310,050	25,067	28,447	5,479	369,043
On disposals	-	-	(17,771)	-	(17,771)
At 31 August 2014	749,288	46,626	37,061	5,479	838,454
<b>Net book value</b>					
At 31 August 2014	14,753,212	103,774	87,403	76,701	15,021,090
At 31 August 2013	15,063,262	76,545	107,746	-	15,247,553

**17. Debtors**

	2014 £	2013 £
Trade debtors	14,142	7,900
VAT recoverable	61,819	39,532
Other debtors	-	153
Prepayments and accrued income	49,822	60,983
	<u>125,783</u>	<u>108,568</u>



**The Norton Knatchbull School**  
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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**18. Creditors:**  
**Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other loans	<b>35,572</b>	35,289
Trade creditors	<b>226,476</b>	68,432
Other taxation and social security	<b>68,270</b>	46,393
Other creditors	<b>56,082</b>	86,977
Accruals and deferred income	<b>51,417</b>	121,171
	<b>437,817</b>	358,262

**Deferred income**

Deferred income at 1 September 2013	<b>55,218</b>
Resources deferred during the year	<b>27,178</b>
Amounts released from previous years	<b>(55,218)</b>
Deferred income at 31 August 2014	<b>27,178</b>

The deferred income above relates to monies received in advance for school trips to take place in 2014/15.

**19. Creditors:**  
**Amounts falling due after more than one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other loans	<b>333,512</b>	369,084

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Repayable by instalments	<b>266,400</b>	273,600

Other loans include a long term, interest free loan of £302,400 from Ashford Grammar School Endowment Accounts (a registered charity) repayable by annual instalments and a long term loan of £66,684 from Kent County Council repayable by monthly instalments attracting interest at a rate of 0.5% above the Bank of England Base Rate.

Both loans were inherited from the predecessor school upon conversion to an Academy Trust.

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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**20. Statement of funds**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Unrestricted funds</b>						
General fund	42,641	192,046	(135,044)	(57,787)	-	41,856
School fund	65,942	248,351	(295,294)	-	-	18,999
	<u>108,583</u>	<u>440,397</u>	<u>(430,338)</u>	<u>(57,787)</u>	<u>-</u>	<u>60,855</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	115,773	4,866,125	(4,702,066)	(240,901)	-	38,931
Other DfE/EFA grants	600	50,243	(50,843)	-	-	-
Bursary fund	7,744	19,146	(7,883)	-	-	19,007
Other government grants	-	29,006	(29,006)	-	-	-
Duke of Edinburgh fund	9,884	12,116	(8,829)	-	-	13,171
Pension reserve	(766,000)	-	(176,000)	120,000	62,000	(760,000)
	<u>(631,999)</u>	<u>4,976,636</u>	<u>(4,974,627)</u>	<u>(120,901)</u>	<u>62,000</u>	<u>(688,891)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	15,125,318	-	(369,043)	28,879	-	14,785,154
Capital fund	86,353	771,653	(407,383)	-	-	450,623
Capital expenditure from GAG	122,235	-	-	113,701	-	235,936
LA loan liability	(94,773)	-	(819)	28,908	-	(66,684)
Trustees loan liability	(309,600)	-	-	7,200	-	(302,400)
	<u>14,929,533</u>	<u>771,653</u>	<u>(777,245)</u>	<u>178,688</u>	<u>-</u>	<u>15,102,629</u>
Total restricted funds	<u>14,297,534</u>	<u>5,748,289</u>	<u>(5,751,872)</u>	<u>57,787</u>	<u>62,000</u>	<u>14,413,738</u>
Total of funds	<u>14,406,117</u>	<u>6,188,686</u>	<u>(6,182,210)</u>	<u>-</u>	<u>62,000</u>	<u>14,474,593</u>

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

The Restricted fixed asset fund represents the leasehold buildings which were donated upon conversion to academy status.

GAG represents funds to be used to cover the normal running costs of the academy.

Other DfE/EFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

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**Notes to the financial statements**  
**For the year ended 31 August 2014**

**20. Statement of funds (continued)**

The Duke of Edinburgh fund was gifted to the school by a former pupil to be used in connection with the Duke of Edinburgh Award.

DfE/EFA capital grants fund is to provide the academy with its own capital money to address improvements to buildings and other facilities. The balance on the funds represents the value to be carried forward for future or ongoing capital projects.

Both the Local Authority (LA) and Trustees loans represent deficit balances on conversion to academy status which related to school building projects. Loan repayments are being from GAG and Unrestricted funds in accordance with the repayment terms (see note 19).

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

**Summary of funds**

	<b>Brought Forward</b>	<b>Incoming resources</b>	<b>Resources Expended</b>	<b>Transfers in/out</b>	<b>Gains/ (Losses)</b>	<b>Carried Forward</b>
	£	£	£	£	£	£
General funds	108,583	440,397	(430,338)	(57,787)	-	60,855
Restricted funds	(631,999)	4,976,636	(4,974,627)	(120,901)	62,000	(688,891)
Restricted fixed asset funds	14,929,533	771,653	(777,245)	178,688	-	15,102,629
	<u>14,406,117</u>	<u>6,188,686</u>	<u>(6,182,210)</u>	<u>-</u>	<u>62,000</u>	<u>14,474,593</u>

**21. Analysis of net assets between funds**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Restricted fixed asset funds</b>	<b>Total funds</b>	<b>Total funds</b>
	2014	2014	2014	2014	2013
	£	£	£	£	£
Tangible fixed assets	-	-	15,021,090	15,021,090	15,247,553
Current assets	88,033	446,176	450,623	984,832	651,910
Creditors due within one year	(27,178)	(375,067)	(35,572)	(437,817)	(358,262)
Creditors due in more than one year	-	-	(333,512)	(333,512)	(369,084)
Provisions for liabilities and charges	-	(760,000)	-	(760,000)	(766,000)
	<u>60,855</u>	<u>(688,891)</u>	<u>15,102,629</u>	<u>14,474,593</u>	<u>14,406,117</u>

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**22. Net cash flow from operations**

	2014 £	2013 £
Net incoming resources before revaluations	6,476	(151,924)
Returns on investments and servicing of finance	(167)	332
Depreciation of tangible fixed assets	369,043	348,531
Capital grants from DfE	(771,653)	(148,039)
Increase in debtors	(17,215)	(20,367)
Increase in creditors	79,272	142,557
FRS 17 pension cost less contributions payable	28,000	12,000
FRS 17 pension finance income	28,000	22,000
<b>Net cash (outflow)/inflow from operations</b>	<b>(278,244)</b>	<b>205,090</b>

**23. Analysis of cash flows for headings netted in cash flow statement**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	986	770
Interest paid	(819)	(1,102)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>	<b>167</b>	<b>(332)</b>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(142,580)	(106,182)
Capital grants from DfE	771,653	148,039
<b>Net cash inflow capital expenditure</b>	<b>629,073</b>	<b>41,857</b>
	2014 £	2013 £
<b>Financing</b>		
Repayment of other loans	(35,289)	(36,955)

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**24. Analysis of changes in net funds**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	543,342	315,707	-	859,049
<b>Debt:</b>				
Debts due within one year	(35,289)	-	(283)	(35,572)
Debts falling due after more than one year	(369,084)	-	35,572	(333,512)
<b>Net funds</b>	<b>138,969</b>	<b>315,707</b>	<b>35,289</b>	<b>489,965</b>

**25. Capital commitments**

At 31 August 2014 the Academy Trust had capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided in these financial statements	<b>1,600,447</b>	361,884

**26. Pension commitments**

The Academy Trust'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 Kent County Council. Both are defined benefit schemes.

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

Contributions amounting to £56,082 were payable to the schemes at 31 August 2014 (2013 - 86,977) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

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

**Notes to the financial statements**  
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**26. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

**Teachers' Pension Scheme Changes**

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

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

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

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

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

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

**Notes to the financial statements**  
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**26. Pension commitments (continued)**

**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 2014 was £156,000, of which employer's contributions totalled £120,000 and employees' contributions totalled £36,000. The agreed contribution rates for future years are 19.8% for employers and 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.

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>
Equities	6.70	600,000	6.60	406,000
Gilts	3.00	11,000	3.50	-
Property	5.90	89,000	4.60	45,000
Other bonds	3.60	103,000	4.40	68,000
Cash	2.90	37,000	0.50	23,000
Target Return Portfolio	5.90	38,000	5.00	23,000
Total market value of assets		<b>878,000</b>		<b>565,000</b>
Present value of scheme liabilities		<b>(1,638,000)</b>		<b>(1,331,000)</b>
Deficit in the scheme		<b>(760,000)</b>		<b>(766,000)</b>

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

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Balance sheet are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Present value of funded obligations	<b>(1,638,000)</b>	<b>(1,331,000)</b>
Fair value of scheme assets	<b>878,000</b>	<b>565,000</b>
Net liability	<b>(760,000)</b>	<b>(766,000)</b>

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**26. Pension commitments (continued)**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>(148,000)</b>	<b>(136,000)</b>
Interest on obligation	<b>(66,000)</b>	<b>(44,000)</b>
Expected return on scheme assets	<b>38,000</b>	<b>22,000</b>
	<hr/>	<hr/>
Total	<b>(176,000)</b>	<b>(158,000)</b>
	<hr/>	<hr/>
Actual return on scheme assets	<b>67,000</b>	<b>64,000</b>
	<hr/>	<hr/>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>1,331,000</b>	<b>1,060,000</b>
Current service cost	<b>148,000</b>	<b>136,000</b>
Interest cost	<b>66,000</b>	<b>44,000</b>
Contributions by scheme participants	<b>36,000</b>	<b>34,000</b>
Actuarial Losses	<b>62,000</b>	<b>68,000</b>
Estimated benefits paid net of transfers in	<b>(5,000)</b>	<b>(11,000)</b>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>1,638,000</b>	<b>1,331,000</b>
	<hr/>	<hr/>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>565,000</b>	<b>353,000</b>
Expected return on assets	<b>38,000</b>	<b>22,000</b>
Actuarial gains and (losses)	<b>124,000</b>	<b>43,000</b>
Contributions by employer	<b>120,000</b>	<b>124,000</b>
Contributions by employees	<b>36,000</b>	<b>34,000</b>
Estimated benefits paid net of transfers in	<b>(5,000)</b>	<b>(11,000)</b>
	<hr/>	<hr/>
	<b>878,000</b>	<b>565,000</b>
	<hr/>	<hr/>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £36,000 gain (2013 - £26,000 loss).

The Academy Trust expects to contribute £114,000 to its Defined benefit pension scheme in 2015.



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**26. Pension commitments (continued)**

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

	<b>2014</b>	<b>2013</b>
Equities	<b>69.00 %</b>	72.00 %
Gilts	<b>1.00 %</b>	- %
Other bonds	<b>12.00 %</b>	12.00 %
Property	<b>10.00 %</b>	8.00 %
Cash	<b>4.00 %</b>	4.00 %
Target Return Portfolio	<b>4.00 %</b>	4.00 %

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

	<b>2014</b>	<b>2013</b>
Discount rate for scheme liabilities	<b>4.00 %</b>	4.70 %
Rate of increase in salaries	<b>4.50 %</b>	5.10 %
Rate of increase for pensions in payment / inflation	<b>2.70 %</b>	2.90 %
Inflation assumption (CPI)	<b>2.70 %</b>	2.90 %
Inflation assumption (RPI)	<b>3.50 %</b>	3.70 %

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>2013</b>
Retiring today		
Males	<b>22.7</b>	20.1
Females	<b>25.1</b>	24.1
Retiring in 20 years		
Males	<b>24.9</b>	22.1
Females	<b>27.4</b>	26.0

The Academy Trust has not disclosed the restated corresponding amounts for the previous two accounting periods as the Governors are of the opinion that the cost implications of obtaining the actuarial reports for each year outweigh the benefits to a user of the financial statements.

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

**Defined benefit pension schemes**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Defined benefit obligation	<b>(1,638,000)</b>	(1,331,000)	(1,060,000)
Scheme assets	<b>878,000</b>	565,000	353,000
Deficit	<b>(760,000)</b>	(766,000)	(707,000)
Experience adjustments on scheme liabilities	<b>24,000</b>	-	-
Experience adjustments on scheme assets	<b>124,000</b>	43,000	8,000

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**27. Operating lease commitments**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within 1 year	<b>16,124</b>	-
Between 2 and 5 years	<b>10,850</b>	56,950

**28. Related party transactions**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

**29. Controlling party**

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Governors. There is no ultimate controlling party.