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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**Trustees** Mr D Allan, Chair (appointed 4 July 2012)<sup>1</sup>  
Mrs T Kemp (appointed 4 July 2012)  
Ms C Lloyd (appointed 4 July 2012)<sup>1</sup>  
Revd Canon B Tipping, Vice Chair (appointed 4 July 2012)<sup>1</sup>  
Mrs A Jarrard (appointed 4 July 2012)  
Mrs L Leith, Head Teacher (appointed 4 July 2012)<sup>1</sup>  
Mrs M Alcott, Staff Trustee (appointed 4 July 2012)  
Mrs S Pointeer, Staff Trustee (appointed 4 July 2012)

<sup>1</sup> Resources Committee

**Company registered number** 08130253

**Principal and registered office** Knightsfield  
Welwyn Garden City  
Hertfordshire  
AL8 7LW

**Company secretary** L K Pope

**Senior management team** Mrs L Leith, Headteacher  
Mrs S Pointeer, Deputy headteacher  
Mr C S Barker, Senior teacher  
Mrs L Pope, School Business Manager

**Independent auditor** Hillier Hopkins LLP  
Chartered Accountants  
Statutory Auditor  
Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

**Bankers** Lloyds Bank  
49 Howardsgate  
Welwyn Garden City  
Hertfordshire  
AL8 6BA

**Solicitors** Winckworth Sherwood  
Minerva House  
5 Montague Close  
London  
SE1 9BB

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**KNIGHTSFIELD SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Trustees (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 Knightsfield School (the academy) for the period ended 31 August 2013. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a. CONSTITUTION**

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 4 July 2012 and converted to academy status on 1 August 2012.

The Academy is a company limited by guarantee (Company No. 08130253) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of the Knightsfield School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Knightsfield School.

Details of the governors who served as Trustees throughout the year are detailed on page 1.

**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 TRUSTEES**

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Governing Body comprises 3 Community Governors, 2 Staff Governors, a minimum of 2 Parent Governors, the Headteacher and 1 Co-opted Governor.

Parent Governors are elected by parents of registered pupils at the Academy. A parent must be a parent of a pupil at the Academy at the time when they are elected.

Staff Governors shall be elected by secret ballot of all staff employed under contract to the Academy.

The Governors may appoint Co-opted Governors provided (if they are an employee) the number of Governors who are employees of the Academy would not exceed one third of the total number of the Governors including the Headteacher.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

All Governors undertake training as appropriate to their role. It is recommended that new Governors attend induction training within 6 months of appointment. The school subscribes to Hertfordshire Association of School Governors and Herts for Learning. Governors take part in their training programme. A log is kept of all Governor training and reviewed on a regular basis at full governing body meetings.

**e. ORGANISATIONAL STRUCTURE**

The structure of the Academy consists of three senior levels:

- The Governing Body
- The Headteacher
- The Senior Management Team

The Governors are responsible for the overall management and control of the Academy and formally meet five times a year. They are responsible for setting the School's policies, adopting the School Development Plan, approving the annual budget, monitoring performance against these plans and making decisions about the direction of the School including its curriculum, the achievement of pupils, students and staff.

The reviewing and monitoring of the work of the Academy is delegated to 2 Committees which are Curriculum and Resources Committees. The Resources Committee meets at least 5 times a year and the Curriculum Committee at least 3 times a year. They all work under the chairmanship of a Governor appointed at the first committee meeting in each academic year. Terms of Reference of these committees are agreed annually at these meetings. Please note: The Governing Body requires the Resources Committee to undertake the duties of an Audit Committee. The clerk to the governing body coordinates the work of the full Governing Body and Resources Committee, prepares agendas and papers and reviews matters arising. The Administration Manager takes minutes of Curriculum Committee meetings. The Headteacher is the Accounting Officer.

The Governors determine the general policies of the Academy. The day to day running of the Academy is delegated to the Headteacher. The Headteacher undertakes the key leadership role in the Academy. The day to day administration of the Academy is undertaken within the policies and procedures approved by the Governors. The Deputy Headteacher is a Governor attending full governing body meetings and the Curriculum Committee.

All non-staff Governors give their time to the role freely and no remuneration or expenses were paid in the period.

**f. TRUSTEES' INDEMNITIES**

In accordance with normal practice the Academy has purchased insurance to protect the Governors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business from Zurich Municipal. The cover under the policy is £5m and in the period under review no sums have been paid out.

**g. RISK MANAGEMENT**

The Governors are responsible for the overseeing of the risks faced by the Academy. Detailed considerations of risk are delegated to the senior leadership team of the Academy. Risks were identified, assessed and controls established throughout the period. A review has been undertaken and an analysis prepared, further work is undertaken by the Resources Committee to finalise the document before final approval by the Governing Body. Risk is managed under the headings of strategic, reputational, operational, compliance and financial risks as recommended by the DfE Financial Handbook.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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

The governing body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Knightsfield 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.

#### **h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Connected Organisations, including Related Party Relationships

Knightsfield School has a Licence to Occupy in place with the adjoining secondary school, Monks Walk, to include our pupils in the following subjects :

Key Stage 3 PE, Art and Drama

Key Stage 4 Art GCSE/BTEC, Sport BTEC, Music BTEC and Science double GCSE

The licence to occupy also includes the provision of drama, the use of school hall and catering facilities for our pupils and students.

Knightsfield School has an agreement with Oaklands College to provide relevant Post 16 courses for our students, supported by Knightsfield staff.

#### **i. PRINCIPAL ACTIVITIES**

The Company's purpose is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academy").

#### **Objectives and Activities**

##### **a. OBJECTIVES AND ACTIVITIES**

Knightsfield School is a specialist sensory academy for secondary aged hearing impaired pupils and students. We specialise in teaching pupils who, despite their hearing loss, which is usually severe to profound, are making progress in developing their language skills through the auditory-oral mode. We encourage pupils to develop their ability to communicate to the full by consistent use of their speaking and listening skills. We aim to give each of our pupils a high quality, personalised educational experience that equips them for a full and fulfilling role in society.

The Academy is committed to safeguarding and promoting the welfare of children and young people and expects all staff and volunteers to share this commitment

##### **b. PUBLIC BENEFIT**

The school is committed to developing partnerships locally, nationally and internationally. The school offers deaf awareness sessions to our neighbouring schools, local sports centres and police force. Our audiologist advises

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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other schools on acoustic treatment and listening programmes for their pupils.

We have strong links with national services for hearing impaired people such as NDCS, DELTA and BATOD as well as local services that work with our pupils and students.

Senior staff lecture on the courses for trainee teachers of the deaf and supervise students on teaching practice. The Headteacher is a LLE providing leadership and management coaching and support to other special school Headteachers. The Deputy Headteacher is a Thinking Skills consultant and provides external training.

We have strong links to the London School of Tropical Medicine and host international audiologists and educational professionals informing them on current audiological practice and the education of deaf children.

We encourage our pupils to raise money for charity each year. We take part in national events such as Children in Need and Red Nose Days, as well as supporting charities related to deafness such as DELTA and Hearing Dogs for Deaf People.

We take part in local and national competitions run by charities. Three of our pupils won prizes for their animations and videos, two in the Welwyn and Hatfield Young Digital Artist competition and one in the NDCS Create Competition.

### **Achievements and performance**

#### **a. GOING CONCERN**

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

#### **b. KEY FINANCIAL PERFORMANCE INDICATORS**

The Governing Body has delegated financial management to the Resources Committee. Key performance indicators are:

- Monthly variances against budget
- Revised outturn forecasts
- Final outturn against projected outturn

#### **c. FINANCIAL REVIEW**

The Academy's income is obtained from the EFA in the form of recurrent grants and from Local Authorities who from 1st April 2013 were required to pay a top-up to the High Needs Funding for pupils and students resident in their Authorities, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy's support staff are entitled to membership of the Local Government Pension Scheme and recognises the liability of £213,000.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**d. ACHIEVEMENTS AND PERFORMANCE**

Pupils joining the school in Year 7 do not have the same starting points as those in mainstream schools as a result of the impact of their hearing loss on their learning and progress. GCSE results have been maintained at the same level for a number of years of 20-22% 5 or more grade A\* - C.

<b>Results for 2012-2013:</b>
33% of pupils achieved 5 or more A* - C grades
17% of pupils achieved 5 or more A* - C grades including Maths and English
100% of pupils achieved 5 or more A* - G
These results compare favourably with those of other schools for the deaf nationally.
100% of Post 16 students achieved BTEC qualifications followed at Oaklands College supported by staff at Knightsfield School.

**PROGRESS**

Knightsfield School has developed tracking systems for individual pupils that track levels of progress from Key Stage 2 through to the end of Key Stage 4. This tracking system allows identification of pupils and students who are not achieving their targets so that additional support strategies can be put in place to support their progress. In 2012-2013 67% of pupils made 3 or more levels of progress from Key Stage 2 to Key Stage 4 in 5 or more subjects.

Progress towards school development plan targets for English, maths and PSD were reviewed in June and are reported in Annual Subject Reports to Governors.

**e. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Governing Body assesses the principal risks facing the academy as follows:

- Reduced Government Funding. Proposed changes to High Needs Funding are likely to have a negative impact on income.
- Falling rolls
- Staff retention
- Cash flow. The school has a healthy bank balance. However, as local authority top-up's start to provide a larger percentage of income cash flow could be affected if payments are not prompt.
- Debtors: There are no material debtors at present.

**a. RESERVES POLICY**

The Governing Body are considering a Reserves Policy to be signed at the Governing Body meeting of 6th December 2013. The policy will be reviewed annually.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a pension deficit of £213,000.



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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee 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.

**AUDITOR**

The auditor, Hillier Hopkins LLP, has indicated its willingness to continue in office and a resolution to appoint them will be signed in November 2013.

This report was approved by order of the Governing Body on 05/12/13 and signed on its behalf by:

.....  
**D Allan**  
**Chair of Governing Body**

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**KNIGHTSFIELD SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Knightsfield 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 Trustees' report and in the Trustees' responsibilities statement. The Governing Body has formally met 5 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Allan, Chair	5	5
Mrs T Kemp	4	5
Ms C Lloyd	4	5
Revd Canon B Tipping, Vice Chair	4	5
Mrs A Jarrard	2	5
Mrs L Leith, Head Teacher	5	5
Mrs M Alcott, Staff Trustee	5	5
Mrs S Pointeer, Staff Trustee	5	5

The Resources Committee is a sub-committee of the main Governing Body. The committee has delegated powers to consider and make decisions in respect of the Academy' budgets, financial strategy and policy and the supervision and control of financial procedures, accounts, income and expenditure. In addition it is responsible for health & safety, premises, and all areas of personnel.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Allan, Chair	4	4
Revd Canon B Tipping, Vice Chair	4	4
Ms C Lloyd	3	4
Mrs L Leith, Head Teacher	4	4

Governors have given a significant amount of time to the school and completed the following visits during the year:

Health & Safety  
Annual Presentation Evening  
Year 7 Visit  
Work Experience Visit  
Post 16 support  
Peter Pan production  
Governors Safeguarding Audit  
Basic Skills Governor/Parent meeting with the assessor  
Y11 Sports Leadership afternoon with primary HI pupils

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**GOVERNANCE STATEMENT (continued)**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Knightsfield School for the period 4 July 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 4 July 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Resources 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 Trustees have appointed Hillier Hopkins LLP, as Responsible Officer (RO).

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

**REVIEW OF EFFECTIVENESS**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal

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**GOVERNANCE STATEMENT (continued)**

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control by the Resources 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 5 December 2013 and signed on their behalf, by:

.....  
**Mr D Allan**  
**Chair of Governing Body**

.....  
**L Leith, Head Teacher**  
**Accounting Officer**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Knightsfield School I have considered my responsibility to notify the academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy Governing Body are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

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

.....  
**L Leith, Head Teacher**  
**Accounting Officer**

**5 December 2013**

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**KNIGHTSFIELD SCHOOL**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Trustees (who act as governors of Knightsfield School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

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

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

The Trustees 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 05/12/13 and signed on its behalf by:

.....  
**D Allan**  
**Chair of the Governing Body**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KNIGHTSFIELD SCHOOL**

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We have audited the financial statements of Knightsfield School for the period ended 31 August 2013 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 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

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

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

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

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KNIGHTSFIELD SCHOOL**

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

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

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



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: *16th December 2013*



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

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In accordance with the terms of our engagement letter dated 9 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Knightsfield School during the period 4 July 2012 to 31 August 2013 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 Knightsfield School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Knightsfield School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Knightsfield School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF KNIGHTSFIELD SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of Knightsfield School's funding agreement with the Secretary of State for Education dated 1 August 2012, and the Academies Financial Handbook extant from 2006, 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. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 4 July 2012 to 31 August 2013 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 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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(A company limited by guarantee)

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 4 July 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: *16<sup>th</sup> December 2013*

**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	13 months Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Funds transferred on conversion	2	129,838	(187,000)	2,744,647	2,687,485
Other voluntary income	2	3,667	-	-	3,667
Activities for generating funds	3	2,027	-	-	2,027
Investment income	4	401	-	-	401
Incoming resources from charitable activities	5	11,577	1,210,768	9,120	1,231,465
<b>TOTAL INCOMING RESOURCES</b>		<b>147,510</b>	<b>1,023,768</b>	<b>2,753,767</b>	<b>3,925,045</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities		1,413	1,176,376	61,503	1,239,292
Governance costs	7	-	12,352	-	12,352
<b>TOTAL RESOURCES EXPENDED</b>	10	<b>1,413</b>	<b>1,188,728</b>	<b>61,503</b>	<b>1,251,644</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>					
		146,097	(164,960)	2,692,264	2,673,401
Transfers between Funds	21	-	7,748	(7,748)	-
<b>NET INCOME FOR THE YEAR</b>		<b>146,097</b>	<b>(157,212)</b>	<b>2,684,516</b>	<b>2,673,401</b>
Actuarial gains and losses on defined benefit pension schemes		-	5,000	-	5,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>146,097</b>	<b>(152,212)</b>	<b>2,684,516</b>	<b>2,678,401</b>
<i>Total funds at 4 July 2012</i>		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>146,097</b>	<b>(152,212)</b>	<b>2,684,516</b>	<b>2,678,401</b>

All of the academy's activities derive from acquisitions in the current financial period.

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

The notes on pages 20 to 41 form part of these financial statements.

**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08130253**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	17		2,684,516
Investments	18		25
			2,684,541
<b>CURRENT ASSETS</b>			
Debtors	19	13,354	
Cash at bank and in hand		275,136	
		288,490	
<b>CREDITORS:</b> amounts falling due within one year	20	(81,630)	
<b>NET CURRENT ASSETS</b>			206,860
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Defined benefit pension scheme liability	26		2,891,401
			(213,000)
			2,678,401
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	21	60,788	
Restricted fixed asset funds	21	2,684,516	
		2,745,304	
Restricted funds excluding pension liability		2,745,304	
Pension reserve		(213,000)	
Total restricted funds			2,532,304
Unrestricted funds	21		146,097
			2,678,401
<b>TOTAL FUNDS</b>			2,678,401

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

.....  
**Mr D Allan**  
**Chair of Governing Body**

The notes on pages 20 to 41 form part of these financial statements.

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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	<b>Note</b>	<b>2013</b> <b>£</b>
Net cash flow from operating activities	23	<b>2,779,457</b>
Capital expenditure and financial investment		<b>(2,736,924)</b>
Cash transferred on conversion to an academy trust	25	<b>232,603</b>
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>275,136</b>

All of the cash flows are derived from acquisitions in the current financial period.

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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Increase in cash in the period	<b>275,136</b>
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>275,136</b>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>275,136</b>

The notes on pages 20 to 41 form part of these financial statements.

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

**1.2 Company status**

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

**1.3 Fund accounting**

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

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

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

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

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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.

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

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

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

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

**1.5 Resources expended**

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

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

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

All resources expended are inclusive of irrecoverable VAT.

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Going concern**

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

**1.7 Tangible fixed assets and depreciation**

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

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

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

L/Term Leasehold Property - building	-	2% straight line
L/Term Leasehold Property - land	-	over the length of the lease
Motor vehicles	-	33.3% straight line
Computer equipment	-	20% straight line
Audiology equipment	-	12.5% straight line

**1.8 Investments**

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

**1.9 Taxation**

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



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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Pensions**

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

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

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

**1.11 Conversion to an academy trust**

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

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

**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
Funds transferred on conversion	129,838	2,557,647	2,687,485
Donations	3,667	-	3,667
Voluntary income	<u>133,505</u>	<u>2,557,647</u>	<u>2,691,152</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
Hirings income	<u>2,027</u>	<u>-</u>	<u>2,027</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
Bank interest	<u>401</u>	<u>-</u>	<u>401</u>

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
Educational activities	<u>11,577</u>	<u>1,219,888</u>	<u>1,231,465</u>

**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
<b>DfE/EFA grants</b>			
General Annual Grant (GAG)	-	924,989	924,989
SEN funding	-	163,875	163,875
Pupil Premium	-	6,382	6,382
Start up grants	-	25,000	25,000
Other EFA grants	-	22,135	22,135
Other DfE grants	-	50,000	50,000
EFA capital grants	-	9,120	9,120
	<u>-</u>	<u>1,201,501</u>	<u>1,201,501</u>
<b>Other government grants</b>			
Other government grants	-	18,387	18,387
	<u>-</u>	<u>18,387</u>	<u>18,387</u>
<b>Other funding</b>			
Other income	11,577	-	11,577
	<u>11,577</u>	<u>-</u>	<u>11,577</u>
	<u>11,577</u>	<u>1,219,888</u>	<u>1,231,465</u>

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
Educational activities	<u>1,413</u>	<u>1,237,879</u>	<u>1,239,292</u>

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Educational activities	<u>933,046</u>	<u>61,503</u>	<u>244,743</u>	<u>1,239,292</u>

**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**7. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	13 months Total funds 2013 £
Governance Auditors' remuneration	-	3,950	3,950
Governance Auditors' non audit costs	-	5,250	5,250
Governors' training	-	1,939	1,939
Other governance costs	-	1,213	1,213
	<u>-</u>	<u>12,352</u>	<u>12,352</u>

**8. DIRECT COSTS**

	Educational activities £	Total 2013 £
Teaching and educational supplies	20,851	20,851
Examination fees	1,390	1,390
Staff development	3,620	3,620
Educational consultancy	40,341	40,341
Other direct costs	24,371	24,371
Wages and salaries	672,637	672,637
National insurance	54,426	54,426
Pension cost	93,180	93,180
	<u>910,816</u>	<u>910,816</u>

**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**9. SUPPORT COSTS**

	Educational activities £	Total 2013 £
FRS17 pension cost	9,000	9,000
Recruitment	4,183	4,183
Maintenance of equipment	13,393	13,393
Water rates	1,967	1,967
Technology costs	23,657	23,657
Insurance costs	30,604	30,604
Heat and light costs	21,835	21,835
Printing, postage and stationery	3,976	3,976
Cleaning and caretaking costs	3,451	3,451
Professional fees	21,563	21,563
Other support costs	16,501	16,501
Security	3,807	3,807
Bank charges	233	233
Wages and salaries	92,740	92,740
National insurance	4,890	4,890
Pension cost	15,173	15,173
Depreciation	61,503	61,503
	<u>328,476</u>	<u>328,476</u>

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

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Educational activities	820,243	-	90,573	910,816
Support costs - Educational activities	112,803	61,503	154,170	328,476
<b>Charitable activities</b>	<u>933,046</u>	<u>61,503</u>	<u>244,743</u>	<u>1,239,292</u>
<b>Governance</b>	-	-	12,352	12,352
	<u>933,046</u>	<u>61,503</u>	<u>257,095</u>	<u>1,251,644</u>

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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

	<b>Activities undertaken directly 2013 £</b>	<b>Support costs 2013 £</b>	<b>Total 2013 £</b>
Educational activities	<u>910,816</u>	<u>328,476</u>	<u>1,239,292</u>

**12. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	<b>2013 £</b>
Depreciation of tangible fixed assets: - owned by the charity	<b>61,503</b>
Auditor's remuneration	<b>3,950</b>
Auditor's remuneration - non-audit	<b>5,250</b>
	<u><u>61,503</u></u>

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**13. STAFF COSTS**

Staff costs were as follows:

	<b>2013</b>
	<b>£</b>
Wages and salaries	<b>764,306</b>
Social security costs	<b>59,316</b>
Other pension costs (Note 26)	<b>108,353</b>
	<hr/>
	<b>931,975</b>
Supply teacher costs	<b>4,433</b>
Compensation payments	<b>1,071</b>
	<hr/>
	<b>937,479</b>
	<hr/> <hr/>

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

	<b>2013</b>
	<b>No.</b>
Management	<b>1</b>
Support	<b>9</b>
Teachers	<b>10</b>
	<hr/>
	<b>20</b>
	<hr/> <hr/>

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

	<b>13 months</b>
	<b>2013</b>
	<b>No.</b>
In the band £70,001 - £80,000	<b>1</b>
In the band £80,001 - £90,000	<b>1</b>
	<hr/>
	<b>2</b>
	<hr/> <hr/>

Both of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £22,367.

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**14. TRUSTEES' REMUNERATION AND EXPENSES**

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

	<b>13 months 2013 £</b>
L Leith, Head Teacher	<b>85,000-90,000</b>
S Pointeer, Staff Trustee	<b>70,000-75,000</b>
M Alcott, Staff Trustee	<b>45,000-50,000</b>

During the period, no Trustees received any reimbursement of expenses.

**15. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees 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 period ended 31 August 2013 was £1,048.

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

**16. OTHER FINANCE INCOME**

	<b>2013 £</b>
Expected return on pension scheme assets	<b>6,000</b>
Interest on pension scheme liabilities	<b>(15,000)</b>
	<hr/> <b>(9,000)</b> <hr/>



**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**17. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Audiology equipment £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
Additions	-	-	-	-	1,373	1,373
Transfer on conversion	2,637,415	35,318	8,250	48,591	15,072	2,744,646
At 31 August 2013	<u>2,637,415</u>	<u>35,318</u>	<u>8,250</u>	<u>48,591</u>	<u>16,445</u>	<u>2,746,019</u>
<b>Depreciation</b>						
Charge for the period	46,190	4,415	2,750	4,859	3,289	61,503
At 31 August 2013	<u>46,190</u>	<u>4,415</u>	<u>2,750</u>	<u>4,859</u>	<u>3,289</u>	<u>61,503</u>
<b>Net book value</b>						
At 31 August 2013	<u><u>2,591,225</u></u>	<u><u>30,903</u></u>	<u><u>5,500</u></u>	<u><u>43,732</u></u>	<u><u>13,156</u></u>	<u><u>2,684,516</u></u>

**18. FIXED ASSET INVESTMENTS**

	Investments in participating interests £
<b>Market value</b>	
At 4 July 2012	-
Additions	<u>25</u>
At 31 August 2013	<u><u>25</u></u>
<b>Investments at market value comprise:</b>	
Participating interests	<u><u>2013</u></u> £ <u><u>25</u></u>

All the fixed asset investments are held in the UK

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**KNIGHTSFIELD SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**19. DEBTORS**

	2013 £
Other debtors	12,307
Prepayments and accrued income	1,047
	<hr/>
	<b>13,354</b>
	<hr/> <hr/>

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

	2013 £
Trade creditors	11,711
Other taxation and social security	16,551
Accruals and deferred income	53,368
	<hr/>
	<b>81,630</b>
	<hr/> <hr/>
	£
<b>Deferred income</b>	
Resources deferred during the year	<b>7,436</b>
	<hr/> <hr/>

**KNIGHTSFIELD SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	-	147,510	(1,413)	-	-	146,097
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	924,989	(891,949)	7,748	-	40,788
SEN Funding	-	163,875	(163,875)	-	-	-
Pupil Premium	-	6,382	(6,382)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
Other EFA grants	-	22,135	(22,135)	-	-	-
Other DfE grants	-	50,000	(50,000)	-	-	-
Other government grants	-	18,387	(18,387)	-	-	-
Specialist school - private funds	-	20,000	-	-	-	20,000
Pension reserve	-	(207,000)	(11,000)	-	5,000	(213,000)
	-	1,023,768	(1,188,728)	7,748	5,000	(152,212)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	-	2,753,767	(61,503)	(7,748)	-	2,684,516
Total restricted funds	-	3,777,535	(1,250,231)	-	5,000	2,532,304
Total of funds	-	3,925,045	(1,251,644)	-	5,000	2,678,401

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

SEN funding is a grant allocated to academies for pupils with special educational needs.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school meals. The purpose is to raise attainment for pupils from low income families.

Specialist school private funds relate to funds raised pre conversion to allow the school to achieve specialist school status.

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

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion and future GAG funding agreed by the EFA is expected to be sufficient to take the fund back into surplus.

The restricted fixed asset fund includes the long leasehold land and buildings and all material items of fixtures, fittings and equipment. Depreciation charged on the assets is allocated to the fund. Transfers out of the fixed asset fund relate to maintenance expenditure paid from the devolved formula capital grant, as permitted by the terms of the grant.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	147,510	(1,413)	-	-	146,097
Restricted funds	-	1,023,768	(1,188,728)	7,748	5,000	(152,212)
Restricted fixed asset funds	-	2,753,767	(61,503)	(7,748)	-	2,684,516
	-	3,925,045	(1,251,644)	-	5,000	2,678,401

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

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	13 months Total funds 2013 £
Tangible fixed assets	-	-	2,684,516	2,684,516
Fixed asset investments	25	-	-	25
Current assets	146,072	142,417	-	288,489
Creditors due within one year	-	(81,629)	-	(81,629)
Provisions for liabilities and charges	-	(213,000)	-	(213,000)
	<u>146,097</u>	<u>(152,212)</u>	<u>2,684,516</u>	<u>2,678,401</u>

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

	2013 £
Net incoming resources before revaluations	2,673,401
Cash transferred on conversion	(232,603)
Depreciation of tangible fixed assets	61,503
Increase in stocks	(9,120)
Increase in debtors	(13,354)
Increase in creditors	81,630
FRS 17 adjustments	11,000
LGPS transferred upon conversion	207,000
<b>Net cash inflow from operations</b>	<u>2,779,457</u>
	2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(1,373)
Tangible fixed assets inherited upon conversion	(2,744,646)
Sale of unlisted and other investments	(25)
Capital grants from DfE	9,120
<b>Net cash outflow capital expenditure</b>	<u>(2,736,924)</u>

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

	4 July 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	-	275,136	-	275,136
<b>Net funds</b>	<b>-</b>	<b>275,136</b>	<b>-</b>	<b>275,136</b>

**25. CONVERSION TO AN ACADEMY TRUST**

On 1 August 2012 Knightsfield School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Knightsfield School from Hertfordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	13 months Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	2,637,415	2,637,415
- Other tangible fixed assets	-	-	107,231	107,231
Other assets	7,522	20,000	-	27,522
Budget surplus/(deficit) on LA funds	232,603	-	-	232,603
LGPS pension surplus/(deficit)	-	(207,000)	-	(207,000)
Other identified assets and liabilities	(110,286)	-	-	(110,286)
<b>Net assets/(liabilities)</b>	<b>129,839</b>	<b>(187,000)</b>	<b>2,744,646</b>	<b>2,687,485</b>

The above includes £232,603 that was transferred as cash.

**26. PENSION COMMITMENTS**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. PENSION COMMITMENTS (continued)**

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

**Valuation of the Teachers' Pension Scheme**

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated

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**26. PENSION COMMITMENTS (continued)**

into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £39,000, of which employer's contributions totalled £30,000 and employees' contributions totalled £9,000. The agreed contribution rates for future years are 20.6% for employers and 5.5% to 7.5% for employees.

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



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**26. PENSION COMMITMENTS (continued)**

As described in note 25 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows:

	2013 £
Present value of funded obligations	(371,000)
Fair value of scheme assets	158,000
	<hr/>
Net liability	(213,000)
	<hr/> <hr/>

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

	2013 £
Current service cost	(32,000)
Interest on obligation	(15,000)
Expected return on scheme assets	6,000
	<hr/>
Total	(41,000)
	<hr/> <hr/>
Actual return on scheme assets	18,000
	<hr/> <hr/>

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

	2013 £
Opening defined benefit obligation	307,000
Current service cost	32,000
Interest cost	15,000
Contributions by scheme participants	9,000
Actuarial Losses	8,000
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Closing defined benefit obligation	371,000
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. PENSION COMMITMENTS (continued)**

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

	<b>2013</b>
	<b>£</b>
Opening fair value of scheme assets	<b>100,000</b>
Expected return on assets	<b>6,000</b>
Actuarial gains and (losses)	<b>13,000</b>
Contributions by employer	<b>30,000</b>
Contributions by employees	<b>9,000</b>
	<hr/> <b>158,000</b> <hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £5,000 gain.

The academy expects to contribute £25,000 to its Defined benefit pension scheme in 2014.

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

	<b>2013</b>
Equities	<b>73.00 %</b>
Bonds	<b>17.00 %</b>
Property	<b>6.00 %</b>
Cash	<b>4.00 %</b>

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

	<b>2013</b>
Discount rate for scheme liabilities	<b>4.60 %</b>
Expected return on scheme assets at 31 August	<b>5.90 %</b>
Rate of increase in salaries	<b>5.10 %</b>
Rate of increase for pensions in payment / inflation	<b>2.80 %</b>

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

	<b>2013</b>
Retiring today	
Males	<b>21.0</b>
Females	<b>23.8</b>
Retiring in 20 years	
Males	<b>22.9</b>
Females	<b>25.7</b>

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**26. PENSION COMMITMENTS (continued)**

Amounts for the current period are as follows:

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(371,000)
Scheme assets	158,000
	<hr/>
Deficit	(213,000)
	<hr/>
Experience adjustments on scheme liabilities	(8,000)
Experience adjustments on scheme assets	13,000
	<hr/> <hr/>

**27. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy'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 trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

**28. CONTROLLING PARTY**

In the opinion of the governors there is no ultimate controlling party.