
KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees	Mr D Allan, Chair (retired 30 April 2014) ¹ Mrs T Kemp Ms C Lloyd ¹ Revd Canon B Tipping, Vice Chair (Acting Chair from 1 May 2014, Chair from 1 September 2014) ¹ Mrs A Jarrard Mrs L Leith, Head Teacher ¹ Mrs M Alcott, Staff Trustee Mrs S Pointeer, Staff Trustee (retired 31 December 2013) Mr G Kelso (appointed 2 December 2013) Mrs J Shareef, Staff Trustee (appointed 1 January 2014) Mrs L Judd (appointed 1 September 2014) ¹
	¹ 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 (up to December 2013) Mr C S Barker, Senior teacher Mrs L Pope, School Business Manager Mrs J Shareef, Deputy headteacher (from January 2014)
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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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

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 ended 31 August 2014. 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, 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 YEAR ENDED 31 AUGUST 2014

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 once per term 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. A member of the Curriculum Committee or the administration team' 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 YEAR ENDED 31 AUGUST 2014

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, Drama and in other subjects agreed by parents and both schools which match pupil's future aspirations

Key Stage 4 Art GCSE/BTEC, Sport BTEC, and Science 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. These include Equine Studies, Health & Social Care, Sport Studies and Animal Care BTEC qualifications.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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 advised a local primary school with a unit for the deaf.

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.

The Headteacher is a LLE providing leadership and management coaching and support to other special school Headteachers.

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 events such as Disability Sports and Athletics. 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.

Strategic report

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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 £263,000.

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. In English, 100% of pupils made at least expected progress and 70% made above expected progress from their starting point. In maths, 100% of pupils made at least expected progress and 80% made above expected progress. The school's GCSE A* to C and A* to G results have been stable over the last three years. In 2014, 20% of pupils gained five or more A* to C grades. At A* to G, the schools results including English and mathematics were above the national average. Year 11 pupils also gained qualifications in citizenship and sports leadership.

All Year 11 leavers go on to college or follow sixth form courses. 100% of students made expected progress on their BTEC course and 50% made above expected progress.

e. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Annual review of Risk Management Policy and Risk Register
- External reviews by Responsible Officer from HCC Internal Audit

Principal risks include a fall in numbers taking up places at Knightsfield School due to national changes in Statment of Special Educational Needs criteria.

a. RESERVES POLICY

The Reserves Policy was approved by the Governors at the Governing Body meeting on 6th December 2013 and signed by the Chair. 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 £263,000.

Plans for future periods

a. FUTURE DEVELOPMENTS

- To achieve a judgement of Outstanding at our next Ofsted Inspection. We plan to achieve this through our work with Achievement for All, by ensuring all teachers promote pupils' literacy skills across the curriculum at Key Stage 3. Teachers will use written feedback to full affect to inform pupils about how to improve their mark and give pupils sufficient time to make corrections. Structured conversations with parents and their child will focus on literacy, numeracy and wider outcomes.
- To increase the number of pupils on roll.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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 2014.

This report, incorporating the Strategic report, was approved by order of the Governing Body, as the company directors, on 11.12.14 and signed on the board's behalf by:

B Tipping
Chair of Governing Body

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GOVERNANCE STATEMENT

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 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Allan, Chair	3	3
Mrs T Kemp	3	4
Ms C Lloyd	4	4
Revd Canon B Tipping, Vice Chair (Acting Chair from 1 May 2014, Chair from 1 September 2014)	4	4
Mrs A Jarrard	2	4
Mrs L Leith, Head Teacher	4	4
Mrs M Alcott, Staff Trustee	4	4
Mrs S Pointeer, Staff Trustee	3	3
Mr G Kelso	3	3
Mrs J Shareef, Staff Trustee	2	2

Governance reviews:

The Board of Trustees have not carried out an External Review of Governance as defined by the National College for Teaching and Learning, however, a review of skills was undertaken by the Board Members in March 2014 to identify weaknesses within the Board makeup as a first stage in reviewing the Boards' effectiveness.

The Board's evaluation highlighted particular weakness in knowledge of Financial Management and Accountancy, ICT, law and marketing. To assist in improving this a drive to increase membership of the Board was undertaken with local businesses, the Local Chamber of Trade, the Hertfordshire & Bedfordshire branch of the Institute of Chartered Secretaries and the local Council for Voluntary Services. To date one additional Board Member has been appointed with a background in fraud investigation and personnel. The Board wishes to appoint more if volunteers can be found.

Governors have decided to contract Herts for Learning to perform a strategic review of the Governing Body to enhance performance in the Spring Term 2015.

The Board has found the appointment of suitably qualified Trustees a particular challenge.

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.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Allan, Chair	4	4
Revd Canon B Tipping, Vice Chair	5	5
Ms C Lloyd	5	5
Mrs L Leith, Head Teacher	5	5

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

Governors Safeguarding Audit

Pupil work scrutiny visit

SDP Achievement scrutiny visit

Governor Learning walk: Pupil progress

Governor Learning walk: Inclusion

A Midsummer Night's Dream production

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 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 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 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.

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GOVERNANCE STATEMENT (continued)

- 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 to appoint HCC Internal Audit as internal auditor.

The internal auditor'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 internal auditor 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 year in question the review has been informed by:

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

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

.....
B Tipping
Chair of Governing Body

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

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 (2013).

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 (2013).

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

L Leith, Head Teacher
Accounting Officer

Date: 11-12-14

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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 (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 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;
- 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 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 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 11.12.14 and signed on its behalf by:

.....
B Tipping
Chair of the Governing Body

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF KNIGHTSFIELD SCHOOL

We have audited the financial statements of Knightsfield 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'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 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 Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF KNIGHTSFIELD 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alex M Bottom

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 2014*

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

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 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Knightsfield 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 Knightsfield School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Knightsfield 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 Knightsfield School and 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 ACCOUNTANT

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 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's income and expenditure.

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

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.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 16th December 2014

KNIGHTSFIELD 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 £	13 months Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Funds transferred on conversion	2	-	-	-	-	2,687,485
Other voluntary income	2	-	-	-	-	3,667
Activities for generating funds	3	9,764	-	-	9,764	2,027
Investment income	4	962	-	-	962	401
Incoming resources from charitable activities	5	3,179	1,067,113	5,249	1,075,541	1,231,465
TOTAL INCOMING RESOURCES		13,905	1,067,113	5,249	1,086,267	3,925,045
RESOURCES EXPENDED						
Charitable activities		6,348	1,053,644	61,796	1,121,788	1,239,292
Governance costs	7	-	6,466	-	6,466	12,352
TOTAL RESOURCES EXPENDED	10	6,348	1,060,110	61,796	1,128,254	1,251,644
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		7,557	7,003	(56,547)	(41,987)	2,673,401

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestrict ed funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	13 months Total funds 2013 £
Transfers between Funds	21	-	(8,232)	8,232	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		<u>7,557</u>	<u>(1,229)</u>	<u>(48,315)</u>	<u>(41,987)</u>	<u>2,673,401</u>
Actuarial gains and losses on defined benefit pension schemes		-	(39,000)	-	(39,000)	5,000
NET MOVEMENT IN FUNDS FOR THE YEAR		<u>7,557</u>	<u>(40,229)</u>	<u>(48,315)</u>	<u>(80,987)</u>	<u>2,678,401</u>
<i>Total funds at 1 September 2013</i>		<u>146,097</u>	<u>(152,212)</u>	<u>2,684,516</u>	<u>2,678,401</u>	<u>-</u>
TOTAL FUNDS AT 31 AUGUST 2014		<u><u>153,654</u></u>	<u><u>(192,441)</u></u>	<u><u>2,636,201</u></u>	<u><u>2,597,414</u></u>	<u><u>2,678,401</u></u>

All activities relate to continuing operations.

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

The notes on pages 21 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	17		2,636,202		2,684,516
Investments	18		25		25
			2,636,227		2,684,541
CURRENT ASSETS					
Debtors	19	33,508		13,354	
Cash at bank and in hand		234,324		275,136	
			267,832	288,490	
CREDITORS: amounts falling due within one year	20	(43,645)		(81,630)	
NET CURRENT ASSETS			224,187		206,860
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	26		(263,000)		(213,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			2,597,414		2,678,401
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	21	70,559		60,788	
Restricted fixed asset funds	21	2,636,201		2,684,516	
Restricted funds excluding pension liability		2,706,760		2,745,304	
Pension reserve		(263,000)		(213,000)	
Total restricted funds			2,443,760		2,532,304
Unrestricted funds	21		153,654		146,097
TOTAL FUNDS			2,597,414		2,678,401

The financial statements were approved by the Trustees, and authorised for issue, on 11.12.14 and are signed on their behalf, by:

B Tipping
Chair of Governing Body

The notes on pages 21 to 41 form part of these financial statements.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Net cash flow from operating activities	23	(32,580)	2,779,457
Capital expenditure and financial investment	24	(8,232)	(2,736,924)
Cash transferred on conversion to an academy trust		-	232,603
(DECREASE)/INCREASE IN CASH IN THE YEAR		(40,812)	275,136

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
(Decrease)/Increase in cash in the year	(40,812)	275,136
MOVEMENT IN NET FUNDS IN THE YEAR	(40,812)	275,136
Net funds at 1 September 2013	275,136	-
NET FUNDS AT 31 AUGUST 2014	234,324	275,136

The notes on pages 21 to 41 form part of these financial statements.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

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 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 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.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

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

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.

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.

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
Fixtures and fittings	-	10% straight line
Computer equipment	-	20% straight line
Audiology equipment	-	12.5% straight line

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

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.

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.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
Funds transferred on conversion	-	-	-	2,687,485
Donations	-	-	-	3,667
Voluntary income	-	-	-	2,691,152

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
Hirings income	5,850	-	5,850	2,027
Other income	3,914	-	3,914	-
	<u>9,764</u>	<u>-</u>	<u>9,764</u>	<u>2,027</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
Bank interest	962	-	962	401

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
Educational activities	3,179	1,072,362	1,075,541	1,231,465

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	534,048	534,048	924,989
Other EFA grants	-	13,390	13,390	22,135
Pupil Premium	-	7,506	7,506	6,382
Other DfE grants	-	1,152	1,152	50,000
EFA capital grants	-	5,249	5,249	9,120
Start up grants	-	-	-	25,000
	-	561,345	561,345	1,037,626
Other government grants				
LA pupil top ups	-	474,380	474,380	-
SEN funding	-	25,000	25,000	163,875
Other government grants	-	10,919	10,919	18,387
	-	510,299	510,299	182,262
Other funding				
Trip income	1,714	-	1,714	-
Other income	1,465	718	2,183	11,577
	3,179	718	3,897	11,577
	3,179	1,072,362	1,075,541	1,231,465

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
Educational activities	6,348	1,115,440	1,121,788	1,239,292

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

6. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £	<i>Total</i> 2013 £
Educational activities	<u>833,449</u>	<u>61,796</u>	<u>226,543</u>	<u>1,121,788</u>	<u>1,239,292</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>13 months</i> <i>Total</i> <i>funds</i> <i>2013</i> <i>£</i>
Governance Auditors' remuneration	-	3,950	3,950	3,950
Governance Auditors' non audit costs	-	750	750	5,250
Governors' training	-	1,017	1,017	1,939
Other governance costs	-	749	749	1,213
	<u>-</u>	<u>6,466</u>	<u>6,466</u>	<u>12,352</u>

8. DIRECT COSTS

	Educational activities £	Total 2014 £	<i>Total</i> <i>2013</i> <i>£</i>
Teaching and educational supplies	19,706	19,706	20,851
Examination fees	4,111	4,111	1,390
Staff development	7,475	7,475	3,620
Educational consultancy	39,332	39,332	40,341
Trip expenditure	1,827	1,827	-
Other direct costs	33,001	33,001	24,371
Wages and salaries	602,803	602,803	672,637
National insurance	39,748	39,748	54,426
Pension cost	83,884	83,884	93,180
	<u>831,887</u>	<u>831,887</u>	<u>910,816</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. SUPPORT COSTS

	Educational activities £	Total 2014 £	Total 2013 £
FRS17 pension cost	8,000	8,000	9,000
Recruitment	9,676	9,676	4,183
Maintenance of equipment	8,187	8,187	13,393
Water rates	2,308	2,308	1,967
Technology costs	19,255	19,255	23,657
Insurance costs	20,404	20,404	30,604
Heat and light costs	20,731	20,731	21,835
Printing, postage and stationery	3,773	3,773	3,976
Cleaning and caretaking costs	4,169	4,169	3,451
Professional fees	5,948	5,948	21,563
Other support costs	14,979	14,979	16,501
Security	3,385	3,385	3,807
Bank charges	276	276	233
Wages and salaries	89,217	89,217	92,740
National insurance	3,233	3,233	4,890
Pension cost	14,564	14,564	15,173
Depreciation	61,796	61,796	61,503
	<u>289,901</u>	<u>289,901</u>	<u>328,476</u>

10. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Educational activities	726,435	-	105,452	831,887	910,816
Support costs - Educational activities	107,014	53,875	129,012	289,901	328,476
Charitable activities	<u>833,449</u>	<u>53,875</u>	<u>234,464</u>	<u>1,121,788</u>	<u>1,239,292</u>
Governance	-	-	6,466	6,466	12,352
	<u>833,449</u>	<u>53,875</u>	<u>240,930</u>	<u>1,128,254</u>	<u>1,251,644</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Educational activities	<u>831,887</u>	<u>289,901</u>	<u>1,121,788</u>	<u>1,239,292</u>

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	year ended 31 August 2014 £	13 months ended 31 August 2013 £
Depreciation of tangible fixed assets: - owned by the charity	61,795	61,503
Auditor's remuneration	3,950	3,950
Auditor's remuneration - non-audit	750	5,250
	<u>66,495</u>	<u>70,703</u>

13. STAFF

a. Staff costs

Staff costs were as follows:

	year ended 31 August 2014 £	13 months ended 31 August 2013 £
Wages and salaries	692,020	764,306
Social security costs	42,981	59,316
Other pension costs (Note 26)	98,448	108,353
	<u>833,449</u>	<u>931,975</u>
Supply teacher costs	-	4,433
Compensation payments	-	1,071
	<u>833,449</u>	<u>937,479</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

13. STAFF (continued)

b. Staff numbers

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

	year ended 31 August 2014 No.	<i>13 months ended 31 August 2013 No.</i>
Management	1	1
Support	9	9
Teachers	6	10
	<u>16</u>	<u>20</u>

c. Higher paid staff

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

	year ended 31 August 2014 No.	<i>13 months ended 31 August 2013 No.</i>
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	1
	<u>1</u>	<u>2</u>

The above employee (2013: two) participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for this member of staff amounted to £11,553 (2013: £22,367).

KNIGHTSFIELD SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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:

	year ended 31 August 2014 £	<i>13 months ended 31 August 2013 £</i>
L Leith, Head Teacher	80,000-85,000	<i>85,000-90,000</i>
S Pointeer, Staff Trustee (retired 31 December 2013)	20,000-25,000	<i>70,000-75,000</i>
M Alcott, Staff Trustee	45,000-50,000	<i>45,000-50,000</i>
J Shareef, Staff Trustee (appointed 1 January 2014)	30,000-35,000	<i>n/a</i>

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

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 £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £825 (2013 - £1,048). The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	year ended 31 August 2014 £	<i>13 months ended 31 August 2013 £</i>
Expected return on pension scheme assets	10,000	<i>6,000</i>
Interest on pension scheme liabilities	(18,000)	<i>(15,000)</i>
	(8,000)	<i>(9,000)</i>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

17. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Audiology equipment £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2013	2,637,415	35,318	8,250	48,591	16,445	2,746,019
Additions	-	-	-	-	13,481	13,481
At 31 August 2014	<u>2,637,415</u>	<u>35,318</u>	<u>8,250</u>	<u>48,591</u>	<u>29,926</u>	<u>2,759,500</u>
Depreciation						
At 1 September 2013	46,190	4,415	2,750	4,859	3,289	61,503
Charge for the year	46,191	4,415	2,747	4,859	3,583	61,795
At 31 August 2014	<u>92,381</u>	<u>8,830</u>	<u>5,497</u>	<u>9,718</u>	<u>6,872</u>	<u>123,298</u>
Net book value						
At 31 August 2014	<u>2,545,034</u>	<u>26,488</u>	<u>2,753</u>	<u>38,873</u>	<u>23,054</u>	<u>2,636,202</u>
At 31 August 2013	<u>2,591,225</u>	<u>30,903</u>	<u>5,500</u>	<u>43,732</u>	<u>13,156</u>	<u>2,684,516</u>

18. FIXED ASSET INVESTMENTS

	Investments in participating interests £
Market value	
At 1 September 2013 and 31 August 2014	<u>25</u>
Investments at market value comprise:	
	2014 £
Participating interests	<u>25</u>
	2013 £
	<u>25</u>

All the fixed asset investments are held in the UK

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

19. DEBTORS

	2014	2013
	£	£
Other debtors	17,676	12,307
Prepayments and accrued income	15,832	1,047
	33,508	13,354
	33,508	13,354

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

	2014	2013
	£	£
Trade creditors	-	11,711
Other taxation and social security	13,516	16,551
Accruals and deferred income	30,129	53,368
	43,645	81,630
	43,645	81,630

Deferred income

Deferred income at 1 September 2013		7,436
Amounts released from previous years		(7,436)
		-
Deferred income at 31 August 2014		-

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	146,097	13,905	(6,348)	-	-	153,654
Restricted funds						
General Annual Grant (GAG)	40,788	534,048	(526,964)	2,687	-	50,559
SEN Funding	-	25,000	(25,000)	-	-	-
Pupil Premium	-	7,506	(7,506)	-	-	-
Other EFA grants	-	13,390	(13,390)	-	-	-
Other DfE grants	-	1,152	(1,152)	-	-	-
Other government grants	-	10,919	-	(10,919)	-	-
LA pupil top ups	-	474,380	(474,380)	-	-	-
Other restricted income	-	718	(718)	-	-	-
Specialist school - private funds	20,000	-	-	-	-	20,000
Pension reserve	(213,000)	-	(11,000)	-	(39,000)	(263,000)
	<u>(152,212)</u>	<u>1,067,113</u>	<u>(1,060,110)</u>	<u>(8,232)</u>	<u>(39,000)</u>	<u>(192,441)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	2,684,516	5,249	(61,796)	8,232	-	2,636,201
Total restricted funds	<u>2,532,304</u>	<u>1,072,362</u>	<u>(1,121,906)</u>	<u>-</u>	<u>(39,000)</u>	<u>2,443,760</u>
Total of funds	<u><u>2,678,401</u></u>	<u><u>1,086,267</u></u>	<u><u>(1,128,254)</u></u>	<u><u>-</u></u>	<u><u>(39,000)</u></u>	<u><u>2,597,414</u></u>

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.

LA pupil top ups: Local Authorities are required to pay a top-up amount, calculated and agreed by

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21. STATEMENT OF FUNDS (continued)

Hertfordshire on an annual basis, for pupils resident in their Authority who name Knightsfield School as their educational provider in their Statement of Special Educational Needs.

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

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 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	146,097	13,905	(6,348)	-	-	153,654
Restricted funds	(152,212)	1,067,113	(1,060,110)	(8,232)	(39,000)	(192,441)
Restricted fixed asset funds	2,684,516	5,249	(61,796)	8,232	-	2,636,201
	<u>2,678,401</u>	<u>1,086,267</u>	<u>(1,128,254)</u>	<u>-</u>	<u>(39,000)</u>	<u>2,597,414</u>

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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	<i>13 months Total funds 2013 £</i>
Tangible fixed assets	-	-	2,636,201	2,636,201	2,684,516
Fixed asset investments	25	-	-	25	25
Current assets	153,629	114,205	-	267,834	288,489
Creditors due within one year	-	(43,646)	-	(43,646)	(81,629)
Provisions for liabilities and charges	-	(263,000)	-	(263,000)	(213,000)
	<u>153,654</u>	<u>(192,441)</u>	<u>2,636,201</u>	<u>2,597,414</u>	<u>2,678,401</u>

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	year ended 31 August 2014 £	<i>13 months ended 31 August 2013 £</i>
Net incoming resources before revaluations	(41,987)	2,673,401
Cash transferred on conversion	-	(232,603)
Depreciation of tangible fixed assets	61,795	61,503
Capital grants from DfE	(5,249)	(9,120)
Increase in debtors	(20,154)	(13,354)
(Decrease)/increase in creditors	(37,985)	81,630
FRS 17 adjustments	11,000	11,000
LGPS transferred upon conversion	-	207,000
Net cash (outflow)/inflow from operations	<u>(32,580)</u>	<u>2,779,457</u>

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24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	year ended 31 August 2014 £	<i>13 months ended 31 August 2013 £</i>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(13,481)	(1,373)
Tangible fixed assets inherited upon conversion	-	(2,744,646)
Sale of unlisted and other investments	-	(25)
Capital grants from DfE	5,249	9,120
	(8,232)	(2,736,924)
	(8,232)	(2,736,924)

25. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	275,136	(40,812)	-	234,324
Net funds	275,136	(40,812)	-	234,324
	275,136	(40,812)	-	234,324

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.

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

Teachers' Pension Scheme

Introduction

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

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

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.

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.

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26. PENSION COMMITMENTS (continued)

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted 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 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 year ended 31 August 2014 was £33,000, of which employer's contributions totalled £26,000 and employees' contributions totalled £7,000. The agreed contribution rates for future years are 26.6% 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 amounts recognised in the Balance sheet are as follows:

	year ended 31 August 2014 £	<i>13 months</i> <i>ended</i> 31 August 2013 £
Present value of funded obligations	(475,000)	(371,000)
Fair value of scheme assets	212,000	158,000
Net liability	(263,000)	(213,000)

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

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

	year ended 31 August 2014 £	<i>13 months</i> <i>ended</i> 31 August 2013 £
Current service cost	(29,000)	<i>(32,000)</i>
Interest on obligation	(18,000)	<i>(15,000)</i>
Expected return on scheme assets	10,000	<i>6,000</i>
	<hr/>	<hr/>
Total	(37,000)	<i>(41,000)</i>
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	21,000	<i>18,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	year ended 31 August 2014 £	<i>13 months</i> <i>ended</i> 31 August 2013 £
Opening defined benefit obligation	371,000	<i>307,000</i>
Current service cost	29,000	<i>32,000</i>
Interest cost	18,000	<i>15,000</i>
Contributions by scheme participants	7,000	<i>9,000</i>
Actuarial Losses	54,000	<i>8,000</i>
Benefits paid	(4,000)	<i>-</i>
	<hr/>	<hr/>
Closing defined benefit obligation	475,000	<i>371,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

26. PENSION COMMITMENTS (continued)

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

	year ended 31 August 2014 £	<i>13 months ended 31 August 2013 £</i>
Opening fair value of scheme assets	158,000	<i>100,000</i>
Expected return on assets	10,000	<i>6,000</i>
Actuarial gains and (losses)	15,000	<i>13,000</i>
Contributions by employer	26,000	<i>30,000</i>
Contributions by employees	7,000	<i>9,000</i>
Benefits paid	(4,000)	<i>-</i>
	212,000	<i>158,000</i>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £34,000 loss(2013 - £5,000 gain).

The academy expects to contribute £32,000 to its Defined benefit pension scheme in 2015.

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

	2014	<i>2013</i>
Equities	67.00 %	<i>73.00 %</i>
Bonds	23.00 %	<i>17.00 %</i>
Property	7.00 %	<i>6.00 %</i>
Cash	3.00 %	<i>4.00 %</i>

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

	2014	<i>2013</i>
Discount rate for scheme liabilities	3.70 %	<i>4.60 %</i>
Expected return on scheme assets at 31 August	5.40 %	<i>5.90 %</i>
Rate of increase in salaries	3.90 %	<i>5.10 %</i>
Rate of increase for pensions in payment / inflation	2.60 %	<i>2.80 %</i>

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

	2014	<i>2013</i>
Retiring today		
Males	22.3	<i>21.0</i>
Females	24.5	<i>23.8</i>
Retiring in 20 years		
Males	24.3	<i>22.9</i>
Females	26.7	<i>25.7</i>

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

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(475,000)	<i>(371,000)</i>
Scheme assets	212,000	<i>158,000</i>
Deficit	(263,000)	<i>(213,000)</i>
Experience adjustments on scheme liabilities	(54,000)	<i>(8,000)</i>
Experience adjustments on scheme assets	15,000	<i>13,000</i>

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.

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

28. CONTROLLING PARTY

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