
KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of Trustees' responsibilities	13
Independent auditor's report on the financial statements	14 - 15
Independent reporting accountant's assurance report on regularity	16 - 17
Statement of financial activities incorporating income and expenditure account	18
Balance sheet	19
Statement of cash flows	20
Notes to the financial statements	21 - 41

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustee and Members

Mr T Petty¹
Mrs T Kemp
Mrs B Tipping, Chair from 1 September 2016¹
Mrs L Leith, Head Teacher¹
Mrs M Alcott, Staff Trustee (term of office ended 4 December 2015)
Mr G Kelso, Chair until 1 July 2016
Mrs J Shareef, Staff Trustee
Mrs S Sharma, Staff Trustee (appointed 1 January 2016)

¹ Resources Committee

**Company registered
number**

08130253

Company name

Knightsfield School

**Principal and registered
office**

Knightsfield
Welwyn Garden City
Hertfordshire
AL8 7LW

Company secretary

L K Pope

**Senior management
team**

Mrs L Leith, Headteacher
Mrs J Shareef, Deputy headteacher
Mrs L Pope, School Business Manager
Mrs S Parker, Partnership & Liaison Co-ordinator (from September 2015)

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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Knightsfield School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Knightsfield School.

Details of the Trustees who served during the are included in the Reference and administrative details 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 Trustee Body comprises 3 Community Governors, 2 Staff Governors, 2 Parent Governors, the Headteacher and 1 Co-opted Governor.

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

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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

All teachers, including the Headteacher and teacher members of the Senior Management Team are paid accordance to the School Teachers Pay and Conditions Document 2016. The School Business Manager's pay is in line with the local authority Management Hay scale.

f. ORGANISATIONAL STRUCTURE

The structure of the Academy consists of three senior levels:

- The Trustees Body
- The Headteacher
- The Senior Management Team

The Trustees 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 Trustee 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 Trustee Body requires the Resources Committee to undertake the duties of an Audit Committee. The clerk to the trustee body coordinates the work of the full Trustee Body and Resources & Curriculum Committees, prepares agendas and papers and reviews matters arising. The Headteacher is the Accounting Officer.

The Trustees 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 Trustees. The Deputy Headteacher is a Trustee attending full trustee 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.

g. TRUSTEES' INDEMNITIES

In accordance with normal practice the Academy has purchased insurance to protect the Trustees 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.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

h. 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 GCSE, Science GCSE, Computing GCSE, Resistant Materials GCSE, and Music NVQ.

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 the Landmark programme, City & Guilds certificate in Land Based Studies Horticulture (L2), BTEC Diploma in Health & Social Care, Diploma in Art, Design & Media (L1), Diploma in Creative Media, production & technology (L2) and BTEC Diploma in Applied Science (L2).

The connected charity 'Knightsfield School Association' was closed in November 2015 due to the retirement of the principal administrators. The closing balance of £7,360 was paid into the Knightsfield School Fund account under a new sub account heading.

Strategic report

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 are making progress in developing their language skills through the auditory-oral mode. We encourage pupils to develop their ability to communicate by consistent use of their speaking and listening skills. We intend that pupils leaving our school will:

- use their speaking and listening skills effectively in a range of environments and situations
- be able to think independently
- increase their rate of progress in learning
- be responsible, self-disciplined and thoughtful citizens
- be ready to have an active and fulfilling role in today's changing world.

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.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. ACTIVITIES FOR ACHIEVING OBJECTIVES

All teachers must have Qualified Teacher Status. Mandatory Teacher of the Deaf training is a requirement for all teachers at Knightsfield School. Two teachers completed the qualification in 2016 and one teacher enrolled to commence training in September 2016. In addition, one teacher completed a PG Certificate in Advanced Audiology to support our pupils by minimising the need for medical appointments in school time.

Speech & Language Therapists support pupils on a weekly basis and radio aid systems are provided to all pupils to promote and develop their listening skills to ensure they have optimal access to spoken language.

c. PUBLIC BENEFIT

The school is committed to developing partnerships locally, nationally and internationally. The school offers deaf awareness sessions to our neighbouring schools and college.

We have strong links with national services for hearing impaired people such as NDCS 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 encourage our pupils to raise money for charity each year. We take part in national events such as Children in Need, Red Nose Days and the British Heart Foundation.

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

Knightsfield School received a judgement of 'Outstanding' in the Ofsted inspection 12-13 November 2014. This included 'Outstanding' in Leadership & Management, 'Outstanding' in Behaviour & Safety of pupils, 'Outstanding' in Quality of teaching, 'Outstanding' in Achievement of pupils and 'Outstanding' in our Sixth Form provision.

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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. 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 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Total expenditure for the year was £1,039,429 against total income of £985,065. The carry forward from 2014/15 was sufficient to cover the excess expenditure of £54,364. Staff salaries constituted 73% of total expenditure in 2015/16. The Academy's support staff are entitled to membership of the Local Government Pension Scheme and recognises the liability of £409,000.

c. 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. At the end of KS3 pupils made good or outstanding progress in English, Maths, Science, Humanities, ICT, German and Music.

In KS4, 63% of pupils made at least expected progress in English. In maths, 50% of pupils made at least expected progress. After remaining stable for the last few years, the GCSE results have dipped compared to national results, In 2016, 63% of pupils gained five or more A* to G grades, including English and mathematics. Year 11 pupils also gained qualifications in Food & Textiles and sports leadership.

It should be noted that results are not comparable to other special schools or mainstream schools due to the small cohort size.

All Year 11 leavers go on to college or follow sixth form courses. 100% of students made expected progress on their A Level or BTEC courses and 75% made above expected progress.

Attendance for the 2015/2016 academic year was 98% (excluding absence for medical appointments).

d. INVESTMENT POLICY AND PERFORMANCE

All cash balances are currently held with the bank as the trustees agreed to not commit cash for extended time periods due to budget uncertainty. Balances held at the bank are guaranteed current credit interest rates.

a. GOING CONCERN

After making appropriate enquiries, the Trustee 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. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trustee Body assesses the principal risks facing the academy on an annual basis by reviewing the Risk Management Policy and Risk Register.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the academy in 2016 was the recruitment of a Headteacher to replace the longstanding Headteacher retiring in December 2016. The trustees successfully recruited a new Headteacher to start in January 2017. The other principal risk is continued recruitment and retention of pupils. The Headteacher and trustees have raised the profile of the school during 2016 through marketing - directly via improving links with out county local authorities and feeder schools, presentations by the Headteacher to H1 educational professionals, and indirectly by upgrading the school website and production of a new prospectus and other publications.

Principal uncertainties continue to be national school funding budget cuts which may directly impact the school.

d. RESERVES POLICY

The Reserves Policy is reviewed on an annual basis by the Resources Committee. The Reserves Policy requires the school to ensure sufficient funds are available to cover one month's payroll in the event of an unforeseen circumstance or temporary cashflow issue. It was approved by the Full Governing Body on 7 July 2016. This objective was met at year end as the closing balance was higher than one months payroll and there were no cashflow issues.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a pension deficit of £409,000.

Plans for future periods

a. FUTURE DEVELOPMENTS

To continue to work with Achievement for All by ensuring all teachers promote pupils' literacy and numeracy skills, as well as wider outcomes across the curriculum. Structured conversations with parents and their child will focus on literacy, numeracy and wider outcomes. Engagement with parents through structured conversations will remain a key focus to ensure that the needs of each pupil are met effectively through joint partnership.

To continue to embed the new assessment system to ensure that pupils' achievement and progress is tracked effectively. This will include tracking and target setting of thinking and learning skills, as well as progress in subjects.

A strong emphasis on marketing is a key priority in order to recruit new pupils and increase the school roll.

The Headteacher and Accounting Officer, Lucille Leith, retires on 31 December 2016. The new Headteacher and Accounting Officer will start employment on 1 January 2017.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)


TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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.

This report, incorporating a strategic report, was approved by order of the Trustee Body as the company directors, on 8 December 16 and signed on its behalf by:


.....
Mrs B Tipping
Chair of Governing Body

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

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 Trustee 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 Trustee 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 Statement of Trustees' responsibilities. The Trustee Body has formally met 4 times during the year. Attendance during the year at meetings of the Trustee Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr T Petty (from 1 January 2015)	4	4
Mrs T Kemp	4	4
Mrs B Tipping (Chair from 1 September 2016), Chair from 1 September 2016	4	4
Mrs L Leith, Headteacher & Accounting Officer	3	4
Mrs M Alcott, Staff Trustee (resigned 4 December 2015)	1	1
Mr G Kelso, Head Teacher & Accounting Officer	2	3
Mrs J Shareef, Staff Trustee	4	4
Mrs S Sharma, Chair from 1 January 2016	2	2

The Resources Committee is a sub-committee of the main Trustee 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.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs B Tipping (Chair from 22 October 2015)	5	5
Mrs L Leith (Headteacher & Accounting Officer)	5	5
Mr T Petty (Vice Chair from 22 October 2015)	5	5

Trustees have given a significant amount of time to the school and completed the following visits during the year. All visits are linked to the School Development Plan:

- Classroom observations
- Achievement for All - Fostering independence & Fix-it feedback
- Deaf awareness

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Trustee Body where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Annual review of the teaching and support structure of the school
- Renegotiating integration costs with Monks Walk School and the service level agreement with Oaklands College
- Undertaking a review of speech and language therapist service provision to ensure best value
- Continual review of contracts, which has identified savings in utilities, security and premises contracts

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Trustee 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 Trustee 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustee 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:

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustee 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 Trustee 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 an annual basis, the internal auditor reports to the Trustee Body on the operation of the systems of control and on the discharge of the Trustee Body' financial responsibilities.

REVIEW OF EFFECTIVENESS

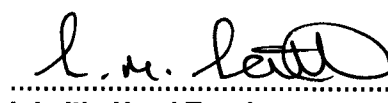
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 Trustee Body on 8 December 16 and signed on their behalf, by:


.....
Mrs B Tipping
Chair of Trustees


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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Knightsfield School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 board of trustees and EFA.



.....
L Leith
Accounting Officer

8 December 2016

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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:

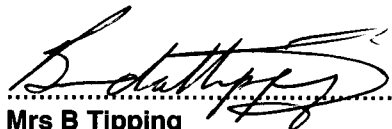
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on 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 Trustee Body on 8 December 16 and signed on its behalf by:



Mrs B Tipping
Chair of the Governing Body

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

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

We have audited the financial statements of Knightsfield School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company'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 charitable company 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 Statement of Trustees' responsibilities, 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 charitable company's affairs as at 31 August 2016 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, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

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

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.

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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



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: *13th December 2016*

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**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 2015 to 2016, 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 2015 to 31 August 2016 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 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 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.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities;
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence;
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime;
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

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 2015 to 31 August 2016 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

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: *13th December 2016*

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2015</i> <i>£</i>
INCOME FROM:						
Donations and capital grants	2	10,470	-	5,215	15,685	9,417
Charitable activities	5	1,781	963,782	-	965,563	979,062
Other trading activities	3	3,562	-	-	3,562	2,153
Investments	4	255	-	-	255	270
TOTAL INCOME		16,068	963,782	5,215	985,065	990,902
EXPENDITURE ON:						
Charitable activities		2,290	970,464	66,675	1,039,429	1,077,595
TOTAL EXPENDITURE	8	2,290	970,464	66,675	1,039,429	1,077,595
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		13,778	(6,682)	(61,460)	(54,364)	(86,693)
Transfers between Funds	18	-	(2,664)	2,664	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		13,778	(9,346)	(58,796)	(54,364)	(86,693)
Actuarial losses on defined benefit pension schemes	22	-	(117,000)	-	(117,000)	(5,000)
NET MOVEMENT IN FUNDS		13,778	(126,346)	(58,796)	(171,364)	(91,693)
RECONCILIATION OF FUNDS:						
Total funds brought forward		156,593	(252,384)	2,601,510	2,505,719	2,597,412
TOTAL FUNDS CARRIED FORWARD		170,371	(378,730)	2,542,714	2,334,355	2,505,719

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		2,532,444		2,592,390
Investments	15		25		25
			2,532,469		2,592,415
CURRENT ASSETS					
Debtors	16	15,953		8,657	
Cash at bank and in hand		246,334		240,641	
			262,287	249,298	
CREDITORS: amounts falling due within one year	17	(51,401)		(56,994)	
NET CURRENT ASSETS			210,886		192,304
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	22		(409,000)		(279,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			2,334,355		2,505,719
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	30,270		26,616	
Restricted fixed asset funds	18	2,542,714		2,601,510	
Restricted income funds excluding pension liability		2,572,984		2,628,126	
Pension reserve		(409,000)		(279,000)	
Total restricted income funds			2,163,984		2,349,126
Unrestricted income funds	18		170,371		156,593
TOTAL FUNDS			2,334,355		2,505,719

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



Mrs 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)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>6,952</u>	<u>21,389</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		255	270
Purchase of tangible fixed assets		(6,729)	(20,726)
Capital grants from DfE/EFA		5,215	5,384
Net cash used in investing activities		<u>(1,259)</u>	<u>(15,072)</u>
Change in cash and cash equivalents in the year		5,693	6,317
Cash and cash equivalents brought forward		<u>240,641</u>	<u>234,324</u>
Cash and cash equivalents carried forward	21	<u><u>246,334</u></u>	<u><u>240,641</u></u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Knightsfield School meets the definition of a public benefit entity under FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Knightsfield School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Knightsfield School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 Company status

The academy is a company limited by guarantee. The members of the company are 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 with restrictions imposed by the funder and include grants from the Department for Education.

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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The academy trust does not use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 29.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Valuation of tangible fixed assets

Trustees have considered the value of tangible fixed assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The trustees have concluded that the valuation of the tangible fixed assets as at the year end are appropriate.

Depreciation and residual values

The trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	10,470	-	-	10,470	4,033
Government grants	-	-	5,215	5,215	5,384
	<u>10,470</u>	<u>-</u>	<u>5,215</u>	<u>15,685</u>	<u>9,417</u>

In 2015, of the total income from donations and capital grants, £4,033 was to unrestricted funds and £5,384 was to restricted funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hirings income	1,523	-	1,523	2,017
Other income	2,039	-	2,039	136
	<u>3,562</u>	<u>-</u>	<u>3,562</u>	<u>2,153</u>

In 2015, of the total income from other trading activities, £2,153 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	255	-	255	270
	<u>255</u>	<u>-</u>	<u>255</u>	<u>270</u>

In 2015, of the total investment income, £ 270 was to unrestricted funds and £ NIL was to restricted funds.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Educational activities	1,781	963,782	965,563	979,062

In 2015, of the total income from charitable activities, £2,489 was to unrestricted funds and £976,573 was to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	472,007	472,007	476,775
Pupil Premium	-	8,776	8,776	8,786
Other EFA grants	-	10,445	10,445	10,534
	-	491,228	491,228	496,095
Other government grants				
Other government grants	-	-	-	40,229
LA pupil top ups	-	465,844	465,844	433,684
	-	465,844	465,844	473,913
Other funding				
Trip income	3	-	3	728
Other income	1,778	-	1,778	1,761
Other grant income	-	6,710	6,710	6,565
	1,781	6,710	8,491	9,054
	1,781	963,782	965,563	979,062

In 2015, of the total income from charitable activities, £2,489 was to unrestricted funds and £976,573 was to restricted funds.

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. DIRECT COSTS

	Educational activities £	Total 2016 £	Total 2015 £
Teaching and educational supplies	18,544	18,544	33,495
Examination fees	2,572	2,572	1,458
Staff development	6,793	6,793	16,385
Educational consultancy	35,352	35,352	40,904
Trip expenditure	25	25	728
Other direct costs	45,656	45,656	28,199
Wages and salaries	522,371	522,371	538,884
National insurance	38,895	38,895	40,405
Pension cost	85,640	85,640	78,993
	<u>755,848</u>	<u>755,848</u>	<u>779,451</u>

In 2015, the academy incurred the following Direct costs:
£779,451 in respect of Educational activities

7. SUPPORT COSTS

	Educational activities £	Total 2016 £	<i>As restated</i> Total 2015 £
FRS102 pension cost	10,000	10,000	10,000
Recruitment	4,624	4,624	2,315
Maintenance of equipment	13,324	13,324	16,455
Water rates	1,757	1,757	436
Technology costs	16,250	16,250	21,792
Insurance costs	14,119	14,119	11,867
Heat and light costs	11,810	11,810	11,146
Printing, postage and stationery	1,855	1,855	14,223
Cleaning and caretaking costs	4,326	4,326	3,876
Professional fees	7,121	7,121	5,867
Other support costs	11,030	11,030	14,684
Security	1,522	1,522	4,271
Bank charges	181	181	207
Exp type 30	9,200	9,200	9,045
Wages and salaries	86,812	86,812	89,137
National insurance	4,683	4,683	5,499
Pension cost	18,292	18,292	12,787
Depreciation	66,675	66,675	64,537
	<u>283,581</u>	<u>283,581</u>	<u>298,144</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£2,290 (2015 - £9,045) included within the table above in respect of Educational activities.

In 2015, the academy incurred the following Support costs:
£298,144 in respect of Educational activities

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational activities:					
Direct costs	646,906	-	108,942	755,848	779,451
Support costs	109,787	81,731	92,063	283,581	285,099
	<u>756,693</u>	<u>81,731</u>	<u>201,005</u>	<u>1,039,429</u>	<u>1,064,550</u>

In 2016, of the total expenditure, £2,290 (2015 - £3,006) was to unrestricted funds and £1,037,139 (2015 - £1,061,544) was to restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	66,675	64,537
Auditor's remuneration - audit	4,400	4,150
Auditor's remuneration - other services	1,850	3,880
	<u>72,925</u>	<u>72,567</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	593,245	628,021
Social security costs	43,578	45,904
Operating costs of defined benefit pension schemes	103,932	91,780
	<u>740,755</u>	<u>765,705</u>
Agency staff costs	15,938	-
	<u>756,693</u>	<u>765,705</u>

The average number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Management	1	1
Support	10	10
Teachers	18	19
	<u>29</u>	<u>30</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £13,149 (2015: £10,659).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £285,074 (2015: £289,614).

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£	£
L Leith, Head Teacher	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs J Shareef, Staff Trustee	Remuneration	50,000-55,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
M Alcott, Staff Trustee	Remuneration	15,000-20,000	45,000-50,000
	Pension contributions paid	0-5,000	5,000-10,000
Mrs S Sharma, Staff Trustee	Remuneration	25,000-30,000	n/a
	Pension contributions paid	0-5,000	n/a

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

12. 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 2016 was £777 (2015 - £875).

13. OTHER FINANCE INCOME

	2016	2015
	£	£
Interest income on pension scheme assets	6,000	8,000
Interest on pension scheme liabilities	(16,000)	(18,000)
	<u>(10,000)</u>	<u>(10,000)</u>
	<u><u>(10,000)</u></u>	<u><u>(10,000)</u></u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Audiology equipment £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2015	2,637,415	35,318	8,250	48,591	50,652	2,780,226
Additions	-	-	-	-	6,729	6,729
At 31 August 2016	<u>2,637,415</u>	<u>35,318</u>	<u>8,250</u>	<u>48,591</u>	<u>57,381</u>	<u>2,786,955</u>
Depreciation						
At 1 September 2015	138,571	13,246	8,244	14,577	13,198	187,836
Charge for the year	46,191	4,415	6	4,859	11,204	66,675
At 31 August 2016	<u>184,762</u>	<u>17,661</u>	<u>8,250</u>	<u>19,436</u>	<u>24,402</u>	<u>254,511</u>
Net book value						
At 31 August 2016	<u>2,452,653</u>	<u>17,657</u>	-	<u>29,155</u>	<u>32,979</u>	<u>2,532,444</u>
At 31 August 2015	<u>2,498,844</u>	<u>22,072</u>	6	<u>34,014</u>	<u>37,454</u>	<u>2,592,390</u>

15. FIXED ASSET INVESTMENTS

	Investments in participating interests £
Cost	
At 1 September 2015 and 31 August 2016	<u>25</u>

16. DEBTORS

	2016 £	2015 £
Prepayments	13,510	3,960
VAT recoverable	2,443	4,697
	<u>15,953</u>	<u>8,657</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Other taxation and social security	12,741	12,784
Other creditors	1,912	946
Accruals	36,748	43,264
	<hr/> 51,401 <hr/>	<hr/> 56,994 <hr/>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	156,593	16,068	(2,290)	-	-	170,371
Restricted funds						
General Annual Grant (GAG)	6,616	472,007	(465,689)	(2,664)	-	10,270
Pupil Premium	-	8,776	(8,776)	-	-	-
Other EFA grants	-	10,445	(10,445)	-	-	-
LA pupil top ups	-	465,844	(465,844)	-	-	-
Other grant income	-	6,710	(6,710)	-	-	-
Specialist school - private funds	20,000	-	-	-	-	20,000
Pension reserve	(279,000)	-	(13,000)	-	(117,000)	(409,000)
	<u>(252,384)</u>	<u>963,782</u>	<u>(970,464)</u>	<u>(2,664)</u>	<u>(117,000)</u>	<u>(378,730)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	2,601,510	5,215	(66,675)	2,664	-	2,542,714
Total restricted funds	<u>2,349,126</u>	<u>968,997</u>	<u>(1,037,139)</u>	<u>-</u>	<u>(117,000)</u>	<u>2,163,984</u>
Total of funds	<u><u>2,505,719</u></u>	<u><u>985,065</u></u>	<u><u>(1,039,429)</u></u>	<u><u>-</u></u>	<u><u>(117,000)</u></u>	<u><u>2,334,355</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.

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 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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

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 into the fixed asset fund relate to capital expenditure paid from the GAG income, 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 2016.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	-	-	2,592,390
Fixed asset investments	25	-	2,532,445	2,532,445	-
Current assets	170,346	81,672	10,269	262,287	249,300
Creditors due within one year	-	(51,402)	-	(51,402)	(56,994)
Provisions for liabilities and charges	-	(409,000)	-	(409,000)	(279,000)
	<u>170,371</u>	<u>(378,730)</u>	<u>2,542,714</u>	<u>2,334,355</u>	<u>2,505,719</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(54,364)	(86,693)
Adjustment for:		
Depreciation charges	66,675	64,537
Dividends, interest and rents from investments	(255)	(270)
(Increase)/decrease in debtors	(7,296)	24,854
(Decrease)/increase in creditors	(5,593)	13,345
Capital grants from DfE and other capital income	(5,215)	(5,384)
Defined benefit pension scheme cost less contributions payable	13,000	11,000
Net cash provided by operating activities	<u>6,952</u>	<u>21,389</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	246,334	240,641
Total	<u>246,334</u>	<u>240,641</u>

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £11,304 were payable to the schemes at 31 August 2016 (2015 - £12,190) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £64,430 (2015 - £57,854).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust 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 2016 was £46,000 (2015 - £41,000), of which employer's contributions totalled £37,000 (2015 - £33,000) and employees' contributions totalled £9,000 (2015 - £8,000). 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.7

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	119,700	83,700
Debt instruments	53,200	36,450
Property	13,300	9,450
Cash	3,800	5,400
	<u>190,000</u>	<u>135,000</u>
Total market value of assets	<u>190,000</u>	<u>135,000</u>

The actual return on scheme assets was £23,000 gain (2015 - £112,000 loss).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(40,000)	(34,000)
Net interest cost	(10,000)	(10,000)
	<u>(50,000)</u>	<u>(44,000)</u>
Total	<u>(50,000)</u>	<u>(44,000)</u>

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	414,000	475,000
Current service cost	40,000	34,000
Interest cost	16,000	18,000
Contributions by employees	9,000	8,000
Changes in financial assumptions and other experience	134,000	(115,000)
Benefits paid	(14,000)	(6,000)
	<u>599,000</u>	<u>414,000</u>
Closing defined benefit obligation	<u>599,000</u>	<u>414,000</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	135,000	212,000
Interest income	6,000	8,000
Return on assets excluding amounts included in net interest	17,000	(120,000)
Contributions by employer	37,000	33,000
Contributions by employees	9,000	8,000
Benefits paid	(14,000)	(6,000)
	<u>190,000</u>	<u>135,000</u>
Closing fair value of scheme assets	<u>190,000</u>	<u>135,000</u>

23. 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 the trust 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.

24. CONTROLLING PARTY

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

25. CONNECTED CHARITIES

Knightsfield School Association is a connected charity to Knightsfield School. The charity's main objective is to act as the parent teacher association for Knightsfield School.

On 15 October 2015, Knightsfield School Association was closed and total funds of £7,361 were transferred to Knightsfield School.

A summary of the unaudited accounts for the year ended 31 August is as follows:

	2016 £	2015 £
Total assets	-	7,361
Total liabilities	-	-
Net funds	-	7,361
	-	-
Incoming resources	-	3,122
Resources expended	-	3,943
(Deficit)/Surplus	-	(821)
	<u>-</u>	<u>(821)</u>

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

26. AGENCY ARRANGEMENTS

The academy distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £966 (2015: £946) and disbursed £nil (2015: £nil) from the fund. An amount of £1,912 (2015: £946) is included in other creditors relating to undistributed funds that is repayable to the EFA.

27. MEMBERS' LIABILITY

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

KNIGHTSFIELD SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	<i>1 September 2014</i>	<i>31 August 2015</i>
		<i>£</i>	<i>£</i>
Total funds under previous UK GAAP		2,597,414	2,505,719
Total funds reported under FRS 102		<u>2,597,414</u>	<u>2,505,719</u>

Reconciliation of net (expenditure)	Notes	<i>31 August 2015</i>
		<i>£</i>
Net (expenditure) previously reported under UK GAAP		(82,693)
Other item - user input		(4,000)
Net movement in funds reported under FRS 102		<u>(86,693)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability either at 1 September 2014 or 31 August 2015. The effect of the change has been the debit to expense by £4,000 and decrease the debit in other recognised gains and losses in the SOFA by the equivalent amount.