

**King Charles I School**

**King Charles I School**  
**(A company limited by guarantee)**

**Annual Report and Financial Statements**

**Period ended 31 August 2012**

**Registration Number:**  
**07969062 (England Wales)**

# King Charles I School

<b>Contents</b>	<b>Page</b>
Reference and Administrative Details	1
Governors' Annual Report	3
Governance Statement	11
Statement on Regularity, Propriety and Compliance for the period ended 31 August 2012	15
Statement of Governors' Responsibilities	16
Independent Auditor's Report	17
Independent Reporting Accountants Assurance Report on Regularity to King Charles 1 School and the Education Funding Agency	19
Statement of Financial Activities	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements, incorporating:	
• Statement of Accounting Policies	24
• Other Notes to the Financial Statements	27

# King Charles I School

## Reference and Administrative Details

Governors (Trustees)	Mr	Anthony	Mackenzie-Farmer	
	Mr	David	McIntosh	Finance committee
	Mr	Alan	Brooks	Finance committee
	Mrs	Katie	Perry	
	Miss	Beryl	Bedford	Finance committee
	Mr	Alan	Gutteridge	
	Mrs	Caroline	Holt	
	Mrs	Sharon	Hudson	Finance committee
	Mr	Dean	Banfield	
	Mrs	Theresa	Sharp	
	Mr	Patrick	Yarnold	
	Mrs	Frances	Oborski	
	Mr	Alan	Neal	Finance committee and chair of governors
	Mr	Timothy	Gulliver	Head teacher
Secretary	Mr	Philip	Engleheart	
Senior Leadership Team:	Mr	S	Arch	Assistant head teacher
	Mr	D	Bishop	Deputy head teacher
	Dr	A	Dickenson	Deputy head teacher
	Ms	N	Duffy	Assistant head teacher
	Miss	E	Ferguson	Assistant head teacher
	Mr	C	Gibson	Lead teacher
	Mr	T	Gulliver	Head teacher
	Mr	G	Roberts	Deputy head teacher

# King Charles I School

## Reference and Administrative Details (Continued)

### Principal and Registered Office

King Charles I School  
Hill Grove House  
Kidderminster  
DY10 1XA

### Independent Auditor

PKF (UK) LLP  
45 Great Charles Street  
Birmingham  
B3 2LX

### Bankers

HSBC Bank PLC  
31 Church Street  
Kidderminster  
Worcestershire  
DY10 2AY

Lloyds Bank PLC  
PO Box 7  
1 Vicar Street  
Kidderminster  
Worcestershire  
DY10 1DH

### Solicitors

Veale Wasbrough Vizards  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

# King Charles I School

## Governors' Report for the period ended 31 August 2012

The Governors (who are Governors under the Academies Act 2010, Trustees under the Charities Act 1993 and Directors under the Companies Act 2006), present their annual report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2012. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 24 to 27 of the attached financial statements, and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' as issued in March 2005 ('SORP 2005') and the Academies Financial Handbook.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

The King Charles I School, hereafter referred to as the Academy, is a company limited by guarantee (registered 29 February 2012) and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the prime governing documents. On 1 April 2012 the School converted to an Academy.

The Governors act as trustees for the charitable activities of the Academy and are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as King Charles I School.

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

#### Members' Liability

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

#### Governors' Indemnity

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

#### Principal Activities

The Academy's objective, as set out in its Articles of Association, is

- A) 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 offering a broad and balanced curriculum ("The Academy");
- B) To promote for the benefit of the inhabitants of Kidderminster and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life for the said inhabitants.

## Governors' Report for the period ended 31 August 2012 - continued

### **Method of Recruitment and Appointment or Election of Governors**

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected. The Governors who were in office at 31 August 2012 and who served during the period are listed on page 1.

### **Policies and Procedures Adopted for the Induction and Training of Governors**

The training and induction provided for new Governors will depend on their existing experience.

Where necessary induction will include training on educational, legal and financial matters. All new Governors will be given the opportunity of a tour of the Academy, have the chance to meet with staff and students and are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Governors.

### **Organisational Structure**

The new Academy was set up with a management structure to support its objects. The Academy's organisational structure consists of three levels: the Governors, the Senior Leadership Team and other staff undertaking leadership roles in the Academy.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

For the period between 1 April 2012 and 31 August 2012 the Governing Body held frequent full Governing Body meetings in order to strengthen performance monitoring and handle the transition to Academy status.

With effect from November 2012 the structure of 6 regular standing committees essentially replaces that of the pre-Academy governing body. Committees include Standards, Finance, Pastoral, Staffing, Premises and Audit and finally Hearings, Appeals and Complaints Committees. All have approved terms of reference and extensive delegated decision powers, the principle being that decisions should rest where the detailed consideration and discussion has taken place. Decisions are however retained to the full governing body where this is specifically required by the Academy's articles, the Academies Financial handbook or otherwise where the subject is of central strategic importance – for example the approval of the annual budget plan, approval of the annual report and accounts, and annual adoption of the school development plan.

During the 5 month period under review the full Governing Body formally met 3 times.

The Governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Principal and members of his Senior Leadership team.

The Senior Leadership Team (SLT) control the Academy on a daily basis, implement the policies laid down by the Governors and report back to them. The SLT is headed by the Principal and Accounting Officer, Mr Tim Gulliver. Members of the SLT, listed on page 1, are responsible for developing and implementing Academy plans which seek to deliver the best possible education for its students within the agreed budget and scheme of delegation approved by Governors.

## Governors' Report for the period ended 31 August 2012 - continued

### Risk Management

The Academy is in the process of implementing a Strategic Risk Register. The Strategic Risk Register will be reviewed both by the SLT and the Premises and Audit Committee at least termly. The Risk Register seeks to both identify the likelihood of a risk occurring, its impact and actions that are being taken to mitigate the risk. Risks included on the register are varied but include educational risks such as the Academy not achieving the targeted student exam results, failures to achieve an increase in student numbers, target student attendance rates, improvements in the quality of teaching, an acceptable Ofsted inspection result or improve and maintain parental and wider community support.

In addition the register records the risks associated with major incidents, ICT system failures and several financial and operational risks, including budgetary risks and health and safety and safeguarding of student risks. Some significant financial risks such as public and employee liability are covered by Insurance. The Academy operates systems of internal financial control and checks and these are to be examined on a quarterly basis by the Academy's Internal Auditor who was appointed in September 2012.

During the period to 31 August 2012 the governors are satisfied that the major risks to which the Academy has been exposed, have been reviewed and that systems or procedures have been established to manage those risks.

### Connected Organisations

The Academy is an associate member of the ContinU Trust, a wider organisation encompassing the 2 Hagley secondary schools and 4 other Wyre Forest secondary schools, alongside Kidderminster College. A number of students from the school attend courses in these establishments to enhance their education in specialist areas under normal business arrangements. We also enjoy close working relationships with our cluster primary schools of which there are 5 at this point in time.

In addition the Academy purchased the majority of its services from Worcestershire County Council under normal business arrangements.

### Aims and Objectives of the Academy

The Academy's main objective is set out in its Articles of Association and referred to on page 3. In summary it is to establish, maintain, manage and develop a school offering a broad curriculum. It seeks to deliver this object through King Charles I School which was originally 3 schools, before becoming a community school in 1977 and thereafter it became a Voluntary controlled school. With effect from 1 April 2012 it became an Academy on premises leased from Worcestershire County Council.

In accordance with the Articles of Association the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the Curriculum should comply with the substance of the National Curriculum.

It also has the objective to provide recreation and leisure time facilities for inhabitants of the surrounding area. It seeks to deliver this objective through the opening of its school leisure facilities after the school closes on an evening.

## Governors' Report for the period ended 31 August 2012 - continued

### Objectives, Strategies and Activities

Our key priority is to offer a full range of enriching experiences to our young people, in preparation for the fast changing world of our 21<sup>st</sup> century. Specifically we aim to:

- Make school life a rewarding, enjoyable and rich learning experience where we encourage all, from the most gifted to the most challenged, to develop their full potential.
- Provide all our pupils with a broad, balanced, personalised, innovative and dynamic curriculum which stimulates the natural curiosity of young, lively, enquiring minds.
- Extend the full range of traditional and vocational learning opportunities available through extensive collaboration across the Wyre Forest / Hagley area.
- Encourage all to become achievers and to recognise and reward that achievement in whatever field it may be displayed.
- Provide a high level of learning resources for all, whether it be for academic, sporting, recreational or other purposes.
- Encourage all to value education in its widest sense and to regard it as a perpetual, enriching experience.
- Adopt inspirational, self-reflecting, teaching approaches which offer and encourage a variety of relevant and exciting learning opportunities.
- Provide our young people with a range of learning models and thus as greater understanding of how to learn and how to improve.
- Provide all with relevant knowledge, skills and confidence to take a full and active part in adult life and employment in a rapidly changing world.
- Utilise competition and student voice as powerful motivators in engaging the wide range of qualities our young people possess.
- Provide equal opportunities for all.
- Develop a safe, stimulating, caring, supportive and well disciplined environment where each individual is valued and encouraged to develop an awareness of, and positive response to, the needs and differing views of others. A spirit of mutual cooperation, citizenship and respect will be the norm.
- Develop a respect for the immediate environment and the larger community.
- Encourage and value the contact and support from parents, industry, commerce and the community.

Our mission statement "Raising Achievement Through Engagement" means we are passionate about ensuring all our pupils play an active role in their education whilst achieving the highest standards.

The Academy's Development Plan and School Evaluation Form (SEF) is reviewed annually by Governors, and more frequently by the Standards Committee. It has established specific targets in the following areas:

- Achievement of Students
- Teaching and Learning
- Behaviour and Safety of Students
- Leadership and Management
- Management of Resources

### Public Benefit

In setting the Academy objectives and planning its activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit. The Academy believes that the activities undertaken and achievements reached, has allowed the school to achieve its objects during the period. This has benefited those pupils within the catchment area to which the school serves.

## Governors' Report for the period ended 31 August 2012 - continued

### Equal Opportunities Policy

The Academy recognises its commitment to students, staff, parents/carers and Governors and to the wider community based on the principle of promotion of self-respect and respect of others. As such we believe that discrimination is unacceptable and our equal opportunities policy seeks to foster all individuals' abilities. In meeting the duties, all our actions will embody our key principles and values which include:

- Encouraging young people to develop into good citizens to aim for excellence in all they attempt, to communicate effectively, work well in teams and to enjoy life.
- Striving to make the best possible provision for all students, staff, governors and those connected with the Academy regardless of disability, ethnicity, culture, religious belief, national origin or status, gender or sexual orientation.
- Respecting diversity. We know that treating everyone equally is not simply a matter of treating everyone the same. We always seek to do our best to make reasonable adjustments for disability, recognise and celebrate cultural differences and understand the different needs and experiences of boys and girls.
- Knowing that equality is not simply about protecting the potentially vulnerable. We believe that all students may be disadvantaged by the holding of prejudicial views, and seek to promote good relationships between all groups, and positive attitudes towards disabled people, people from different ethnic or cultural groups or faith backgrounds and people of different gender or sexual orientation.
- Valuing our staff for their ability and potential to help us make the best possible provision for the students in the Academy regardless of disability, ethnicity, culture, religious belief, national origin, gender or sexual orientation.
- Being proactive in our efforts to identify and minimise existing barriers or inequalities.
- Seeking the views of all groups affected by the policies and work of our Academy and involving them in policy review where appropriate.
- Recognising our role in promoting community cohesion and actively encouraging the participation in public life of all in the Academy.

### Disabled Persons

The Academy recognises its responsibilities under the Disability Discrimination Act. The general duty to promote disability equality is owed to all disabled people, which means that we have due regard to:

- Promote equality of opportunity between disabled people and other people.
- Eliminate unlawful discrimination.
- Eliminate disability related harassment.
- Promote positive attitudes towards disabled people.
- Encourage participation by disabled people in public life.
- Take steps to take account of disabled people's disabilities, even where that involves treating disabled people more favourably than other people.

### Accessibility

There is specific disability legislation in relation to disabled students and accessibility which means we plan strategically over time to:

- Increase access to the curriculum.
- Make improvements to the physical environment of the Academy to increase access.
- Make written information available to students in a range of different ways.

We must ensure that disabled students do not receive less favourable treatment and to do this the Academy has a duty to make reasonable adjustments.

## Governors' Report for the period ended 31 August 2012 - continued

### ACHIEVEMENTS AND PERFORMANCE

#### Overview

We have made good progress in our initial period as an Academy. We expected a challenging period and accept that some of the infrastructure of being an Academy is still taking shape but we are delighted to report that against this period of change, our GCSE examination results were the highest pass rate since the school became a Comprehensive in 1977. Overall we gained an A\*-C pass rate of 81% with the figure for 5A\*-C, including English and Mathematics being over 50%.

We are further pleased to report that our post-16 students achieved an excellent set of results this summer with A level passes at grades A\*-C of 76%, and 100% of our students who took Level 3 Btec courses passing, with very many gaining merits and distinctions. Our overall points score has seen a dramatic rise and thanks go out to students, staff and parents for the substantial efforts made.

Over the summer, we spent £69k, on our Sixth Form Centre, removing a large teaching space and an office. The Sixth Form Common Room is now 40% larger and furnished to the highest standards. Our Sixth Formers are really pleased with the investment.

We have also been successful in our bid to the FA, to jointly fund a brand new Astro Turf pitch, due to be completed by early 2013. I wish to thank the school's Foundation and Roy Woodward Educational Foundation agreeing to fund 20% of the £405k costs. In the present financial climate we would be unable to fund such projects without them.

We are most grateful to our neighbours for their patience during the building works.

#### 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 adopts the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### FINANCIAL REVIEW

#### Overview

These financial statements reflect a 5 month period of operational activity for the Academy. During the period the Academy received total income of £22,695k, of this sum £2,938k was received from the Department of Education (DfE) via the Education Funding Agency (which replaced the Young People's Learning Agency in April 2012) in respect of its General Annual Grant, used for its day to day running costs. In addition £20,070k was the value attributed to inherited assets, primarily land and buildings.

Costs for the year totalled £3,055k excluding the actuarial loss relating to the Academy share of the Local Government Pension Scheme (LGPS). The annual review resulted in an actuarial assessed loss of £102k on the LGPS. The Academy carried forward total reserves of £19,538k as at 31 August 2012.

#### Financial and Risk Management Objectives and Policies

Changes to the national funding formula, the ending of the Academy's start up grant period, anticipated reduction in student numbers and generally tough financial settlements result in the Academy anticipating a very challenging position over the medium term to deliver a balanced budget. Incoming revenue financial resources (excluding inherited assets and liabilities) of £3,149k during the 2011/12 (5 month period) are anticipated to reduce in 2012/13 due to a potential loss of split site school funding.

The Academy is committed to delivering a significant savings plan to help balance the budget and has sought to manage its finances carefully in its initial period in order to establish a healthy level of reserves that can be used to help to address the budget gap over the medium term. Reserves totalled £20,852k as at 31 August 2012 before accounting for the Academy's share of the liabilities of the Pension Fund £1,314k including funds provided to the Academy solely for capital investment purposes of £20,087k. General funds available were hence £765k at 31 August 2012 with £139k of those being for restricted purposes.

## Governors' Report for the period ended 31 August 2012 - continued

### Principal Risks and Uncertainties

The Academy is in the process of implementing its Risk Management Strategy and Risk Register. Top financial risks that it has identified and are managing include failure to achieve planned student numbers and failure to deliver forecast necessary savings over the medium term and maintain sustainable improvements in student performance. The Academy has initiated actions in order to mitigate these risks.

### Reserves Policy

The Governing Body reviews the reserve levels of the Academy annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Governors determine what the level of uncommitted reserves should be. The aim is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

As a part of its monitoring of in-year financial performance the Governing Body reviews the forecast impact on reserves and considers this as a part of its medium term financial planning. During its first two years of operation the Governing Body planned to establish a relatively high level of general reserves at the year-end in order to enable it to both manage unforeseen emergencies and also to enable planned use over the medium term to mitigate against anticipated very challenging budget shortfalls. As at 31 August 2012 the Academy held total general funds of £765k which it plans to use in part as a component of that medium term financial plan.

Under Accounting Standard FRS17 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our non-teaching staff to a specific restricted reserve. As at 31 August 2012 the deficit on this reserve amounted to £1,314k. It should be noted however that this does not present the Academy with a current liquidity problem. Contributions to the pension scheme are being budgeted over the next few years in order to reduce the deficit.

Unrestricted funds show an acceptable surplus of £626k which is in line with Academy budgets and objectives.

### Investment Policy

The Governing Body has invested cash flow surpluses in immediate access bank accounts until future funding and income / expenditure levels become clear, post Academy conversion. In balancing risk against return the Academy policy is clearly geared towards avoiding risk than to maximising return but the governors are aware of their wider financial responsibilities and will review this regularly.

### PLANS FOR FUTURE PERIODS

We have specific subject related and Pastoral raising achievement plans with one key focus, to raise standards across the school and increase opportunities for public engagement. Our website [kingcharleschool.co.uk](http://kingcharleschool.co.uk) may be reviewed for detailed development plans.

# King Charles I School

## Governors' Report for the period ended 31 August 2012 - continued

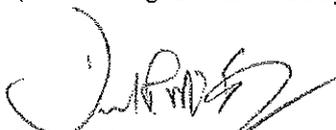
### AUDITOR

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The appointment of the current auditors, PKF (UK) LLP, was made following a competitive process concluded in February 2012. The appointment is for a period of one year, renewable annually at the discretion of the Governors. A formal competitive tender will be undertaken at least every five years.

Approved by order of the members of the Governing Body's Finance Committee on 29 January 2013 (under delegation directed by the full Governing Body on 23 January 2013) and signed on its behalf by:



Mr David McIntosh  
Chair of the Governors' Finance Committee

# King Charles I School

## Governance Statement for the period ended 31 August 2012

### Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that the Academy 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 Principal, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements assigned to it in the Funding Agreement between the King Charles I School and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body met 3 times during the 5-month accounting period.

Attendance during the 5-month accounting period at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Alan Neal (Chairman)	3	3
Fran Oborski (Vice Chair)	3	3
Dean Banfield	2	3
Beryl Bedford	3	3
Alan Brooks	2	3
Tim Gulliver (Principal and Accounting Officer)	3	3
Alan Gutteridge	2	3
Caroline Holt	2	3
Sharon Hudson	3	3
David McIntosh	3	3
Anthony Mackenzie-Farmer	1	3
Beverley Pain ( <i>resigned 13 June 2012</i> )	2	2
Katie Perry	3	3
Theresa Sharp	2	3
Patrick Yarnold	3	3

As reported in the 'Organisational Structure' section of this Annual Report, with effect from November 2012 the Governing Body introduced a new committee structure reporting into the main Governing Body. However, the committees that preceded this and were in place during the 5-month accounting period, along with details of Governor attendance during the period, are as set out below:

### Standards and Curriculum Committee

Governor	Meetings attended	Out of a possible
Fran Oborski (Chair)	2	2
Dean Banfield (Vice Chair)	1	2
Sharon Hudson	2	2
Alan Neal	0	2
Beverley Pain ( <i>resigned 13 June 2012</i> )	1	1

# King Charles I School

## Governance Statement for the period ended 31 August 2012 - continued

### Finance Committee

Governor	Meetings attended	Out of a possible
David McIntosh (Chair)	2	2
Beryl Bedford	2	2
Alan Brooks	1	2
Sharon Hudson	2	2
Alan Neal	2	2

### Pupil Attendance, Discipline and Welfare Committee

Governor	Meetings attended	Out of a possible
Fran Oborski (Chair)	2	2
Beryl Bedford	2	2
Alan Brooks	1	2
David McIntosh	2	2
Anthony Mackenzie-Farmer	2	2

### Human Resources and Performance Management Committee

Governor	Meetings attended	Out of a possible
Fran Oborski (Chair)	2	2
Alan Brooks	1	2
David McIntosh	2	2
Anthony Mackenzie-Farmer	1	2
Alan Neal	1	2
Beverley Pain ( <i>resigned 13 June 2012</i> )	1	1

### Buildings, Environment and Health & Safety Committee

Governor	Meetings attended	Out of a possible
Alan Gutteridge (Chair)	2	2
Caroline Holt	1	2
Katie Perry	2	2
Theresa Sharp	2	2
Patrick Yarnold	2	2

### Panels for pupil and staff-related hearings and appeals

*No meetings were required during the accounting period.*

### Panels for complaint hearings

*No meetings were required during the accounting period.*

## Governance Statement for the period ended 31 August 2012 - continued

### 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 the 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. During the period the system of internal control was developed and strengthened by:

- i) The Governing Body Committee structure being reviewed and a new structure as identified in the organisational structure section of the governors report being put in place.
- ii) Review of a number of policies and procedures.
- iii) The development of a medium term financial plan.
- iv) Increasing the number of governors meetings during the transition to Academy status..

The Academy is committed to ongoing review and development of its control framework through an action plan agreed and monitored by the Premises and Audit Committee.

### 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 that have been or are being implemented to mitigate those risks.

The Governing Body is of the view that the process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2012 has been satisfactory, but that a more formal process shall be implemented for the forthcoming period, and shall be reviewed by the Premises and Audit Committee.

### 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:

- i) Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed, and agreed as appropriate, by the Governing Body ;
- ii) Regular reviews of reports which indicate financial performance against budgets and of major purchase plans, capital works and expenditure programmes;
- iii) Regular review of medium term financial projections and the development of budget plans;
- iv) Setting targets to measure financial and other performance;
- v) A scheme of financial delegations which includes the need for major spending decisions to be considered and approved by the Governing Body before commitments are made.
- vi) Internal staff delegations of authority and separation of duties.
- vii) Clearly defined purchasing guidelines.

### The Governing Body

The Governing Body recognises the requirement to have in place a process for independent checking of financial controls, systems, transactions and risks. A bought in Internal auditor, Mr Tony Morris FCCA has been appointed in September 2012 and he shall report on a quarterly basis to the Premises and Audit Committee.

# King Charles I School

## Governance Statement for the period ended 31 August 2012 - continued

### Review of Effectiveness

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

- the work of the external auditor
- the financial management and governance self assessment process
- the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer is in the process of strengthening the internal control and risk management procedures in place. These processes shall be reviewed by the Premises and Audit Committee who monitor progress of delivery against planned actions.

Approved by order of the members of the Governing Body's Finance Committee on 29 January 2013  
(under delegation directed by the full Governing Body on 23 January 2013) and signed on its behalf by:



Mr David McIntosh  
Chair of the Governors' Finance Committee



Mr Tim Gulliver  
Principal and Accounting Officer

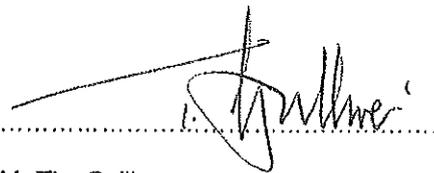
## King Charles I School

### Statement on Regularity, Propriety and Compliance for the period ended 31 August 2012

As accounting officer of King Charles I School I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

A handwritten signature in black ink, appearing to read 'Tim Gulliver', is written over a horizontal dotted line. The signature is stylized and cursive.

Mr Tim Gulliver

Principal and Accounting Officer

# King Charles I School

## Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of King Charles I School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Academies Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing body on 29 January 2013 (under delegation directed by the full Governing Body on 23 January 2013) and signed on its behalf by:



Mr David McIntosh  
Chair of the Governors' Finance Committee

# King Charles I School

## Independent Auditor's Report to the Members of King Charles I School

We have audited the financial statements of King Charles I School ("the academy") for the period ended 31 August 2012 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2011/12 issued by the Education Funding Agency ("the EFA").

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 the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of governors and auditor

As explained more fully in the governors' responsibilities statement, the governors (who are also directors of the company 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Accounts Direction 2011/12 issued by the EFA; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# King Charles I School

## Independent Auditor's Report to the Members of King Charles 1 School

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

In our opinion:

- the information given in the governors' annual 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 and the Accounts Direction 2011/12 issued by the EFA requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept in respect of the academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records; or
- certain disclosures of governor's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

PKF (UK) LLP

**Howard Voisey** (Senior statutory auditor)  
for and on behalf of PKF (UK) LLP, Statutory auditor  
Birmingham, UK

31 January 2013

# King Charles I School

## Independent Reporting Accountant's Assurance Report on Regularity to King Charles I School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by King Charles I School during the period 1 April 2012 to 31 August 2012 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 King Charles I School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to King Charles I 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 King Charles I School and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of King Charles I School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of King Charles 1 School's funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 April 2012 to 31 August 2012 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 2011/12 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 trust's income and expenditure.

The nature and extent of our examination has regard to our assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

# King Charles I School

## Independent Reporting Accountant's Assurance Report on Regularity to King Charles I School and the Education Funding Agency

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 April 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

PKF (UK) LLP

PKF (UK) LLP

Birmingham

31 January 2013

# King Charles I School

## Statement of Financial Activities for the period to 31 August 2012

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
- Voluntary income	3	587,497	(1,112,309)	20,070,465	<b>19,545,653</b>
- Activities for generating funds	4	45,829	-	-	<b>45,829</b>
- Investment income		312	-	-	<b>312</b>
<i>Incoming resources from charitable activities</i>					
- Funding for the Academy's educational operations	5	-	3,077,265	25,819	<b>3,103,084</b>
<b>Total incoming resources</b>		<u>633,638</u>	<u>1,964,956</u>	<u>20,096,284</u>	<u><b>22,694,878</b></u>
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
- Costs of generating voluntary income	6/7	194	-	-	<b>194</b>
<i>Charitable activities:</i>					
- Academy's educational operations	6/7	7,264	2,824,365	213,906	<b>3,045,535</b>
<i>Governance costs</i>	6/8	-	9,500	-	<b>9,500</b>
<b>Total resources expended</b>		<u>7,458</u>	<u>2,833,865</u>	<u>213,906</u>	<u><b>3,055,229</b></u>
<b>Net incoming/(outgoing) resources before transfers</b>		626,180	(868,909)	19,882,378	<b>19,639,649</b>
<b>Transfers</b>					
Gross transfers between funds	16	-	(204,509)	204,509	-
<b>Net incoming resources before other recognised gains and losses</b>		<u>626,180</u>	<u>(1,073,418)</u>	<u>20,086,887</u>	<u><b>19,639,649</b></u>
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	24	-	(102,000)	-	<b>(102,000)</b>
<b>Net movement in funds</b>					
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 April 2012		-	-	-	-
<b>Total funds carried forward at 31 August 2012</b>		<u><b>626,180</b></u>	<u><b>(1,175,418)</b></u>	<u><b>20,086,887</b></u>	<u><b>19,537,649</b></u>

All of the Academy's activities derive from continuing operations during the above financial period.

A Statement of Total Recognised Gains Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# King Charles I School

## Balance Sheet as at 31 August 2012

Company Number: 07969062

	Notes	£	£
<b>Fixed Assets</b>			
Tangible assets	12		20,061,068
<b>Current assets</b>			
Debtors	13	436,724	
Cash at bank and in hand		<u>1,029,575</u>	
Total current assets		1,466,299	
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	14	<u>(675,718)</u>	
Net current assets			<u>790,581</u>
<b>Net assets excluding pension liability</b>			<b>20,851,649</b>
Pension scheme liability	24		(1,314,000)
<b>Net assets including pension liability</b>			<u><b>19,537,649</b></u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
- Fixed asset funds	16		20,086,887
- General funds	16		138,582
- Pension reserve	16		<u>(1,314,000)</u>
Total restricted funds			18,911,469
<b>Unrestricted funds</b>			
- General funds	16		626,180
<b>Total funds</b>			<u><b>19,537,649</b></u>

The financial statements on pages 21 to 41 were approved by the Governors, authorised for issue on 29 January 2013 and signed on their behalf by:


  
 .....

Chair of the Finance Committee

# King Charles I School

## Cash Flow Statement for the period ended 31 August 2012

	Notes	£
<b>Net cash inflow from operating activities</b>	19	<b>1,108,433</b>
Returns on investments and servicing of finance	20	312
Capital expenditure	21	<u>(79,170)</u>
<b>Increase in cash in the year</b>		<b><u>1,029,575</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase in cash in the year	22	1,029,575
Net funds at 1 April 2012	22	-
<b>Net funds at 31 August 2012</b>	22	<b><u>1,029,575</u></b>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 1. Statement of accounting policies

#### Basis of preparation

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

#### Going concern

The governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from 29 January 2013, which is the date of approval of the financial statements.

#### Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

#### Grants receivable

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

#### Donations

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

#### Other income

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

#### Donated services and gifts in kind

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

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 1. Statement of accounting policies (continued)

#### Resources expended

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

#### Tangible fixed assets

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

Where 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 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 assets on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

- Leasehold buildings 2% - 6.7% p.a
- Plant, furniture and fittings 20% p.a
- Motor vehicles 20% p.a
- Computer equipment and software 33.3% p.a

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 1. Statement of accounting policies (continued)

#### Tangible fixed assets (continued)

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

#### Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

#### Taxation

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

#### Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 1. Statement of accounting policies (continued)

#### Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the education Funding Agency (EFA), Department of Education (DfE), and other 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 EFA and DfE.

### 2. General Annual Grant (GAG)

#### Results and carry forward for the year

	2012 £
GAG brought forward from previous year	-
GAG allocation for current year	2,938,041
<b>Total GAG available to spend</b>	<b>2,938,041</b>
Recurrent expenditure from GAG	(2,674,984)
Fixed assets purchased from GAG	(204,509)
<b>GAG carried forward to next year</b>	<b>58,548</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	352,565
<b>GAG to surrender to DfE</b> (12% rule breached if result is positive)	<b>(294,017)</b>

### 3. Voluntary income

	Unrestricted funds £	Restricted funds £	2012 Total £
Donations – Inherited assets (note 13)	-	20,070,465	20,070,465
Acquired defined benefit pension scheme liability (note 25)	-	(1,194,000)	(1,194,000)
Predecessor school brought forward balances	587,497	81,691	669,188
	<u>587,497</u>	<u>18,958,156</u>	<u>19,545,653</u>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 4. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2012 Total £
Hire of facilities	18,881	-	18,881
Fee income from services	26,948	-	26,948
	<u>45,829</u>	<u>-</u>	<u>45,829</u>

### 5. Funding for academy's educational operations

	Unrestricted funds £	Restricted funds £	2012 Total £
<b>DfE / YPLA capital grant</b>			
Devolved Formula Capital allocations	-	25,819	25,819
<b>DfE / EFA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	2,938,041	2,938,041
Other DfE / EFA grants	-	78,940	78,940
<b>Other grants/operations</b>			
LEA and other grants	-	20,807	20,807
Other income	-	39,477	39,477
	<u>-</u>	<u>3,103,084</u>	<u>3,103,084</u>

### Other incoming resources

Other incoming resources amounting to £65,601 have been received from parents for contributions towards educational and extra curricular trips

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 6. Resources expended

	Staff costs £	Non Pay Premises £	expenditure Other costs £	Total 2012 £
Costs of activities for generating funds Academy's educational operations	-	-	194	194
• Direct costs	1,892,656	-	149,851	2,042,507
• Allocated support costs	340,962	342,308	319,758	1,003,028
	<u>2,233,618</u>	<u>342,308</u>	<u>469,609</u>	<u>3,045,535</u>
Governance costs including allocated support costs	-	-	9,500	9,500
	<u>2,233,618</u>	<u>342,308</u>	<u>479,303</u>	<u>3,055,229</u>

#### Incoming/ outgoing resources for the year include:

	Period ended 31 August 2012 £
Fees payable to auditor - audit	9,500
- other fees	8,140

### 7. Charitable activities – academy's education operations

	Unrestricted Funds £	Restricted Funds £	2012 Total £
<b>Direct costs</b>			
Teaching and education support staff costs	-	1,892,656	1,892,656
Educational supplies	-	8,153	8,153
Examination fees	-	28,213	28,213
Staff development	-	9,753	9,753
Educational consultancy	-	31,478	31,478
Other direct costs	-	72,254	72,254
	<u>-</u>	<u>2,042,507</u>	<u>2,042,507</u>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 7. Charitable activities – academy's education operations (continued)

	Unrestricted funds £	Restricted funds £	2012 Total £
<i>Allocated support costs</i>			
Support staff costs	3,124	337,838	340,962
Depreciation	-	213,906	213,906
Recruitment and support	-	5,701	5,701
Maintenance of premises and equipment	1,284	127,118	128,402
Cleaning	510	50,475	50,985
Rent and rates	891	88,213	89,104
Insurance	-	26,081	26,081
Light and heat	498	49,342	49,840
Security and transport	-	235	235
Catering	-	3,073	3,073
Other support costs	957	93,782	94,739
	<u>7,264</u>	<u>995,764</u>	<u>1,003,028</u>
	<u>7,264</u>	<u>3,038,271</u>	<u>3,045,535</u>

### 8. Governance costs

	Unrestricted funds £	Restricted funds £	2012 Total £
Auditor's remuneration			
• Audit fees	-	9,500	9,500
	<u>-</u>	<u>9,500</u>	<u>9,500</u>

### 9. Staff costs

Staff costs during the period were:

	2012 Total £
Wages and salaries	1,827,260
Social security costs	135,848
Other pension costs	270,510
	<u>2,233,618</u>
Supply teacher agency costs	-
Support staff agency costs	-
	<u>2,233,618</u>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 9. Staff costs (continued)

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

	2012 No.
<b>Charitable activities</b>	
Teachers	77
Administration and support	79
Management	8
	<u>164</u>

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

	2012 No.
£60,001 - £70,001	3
£80,001 - £90,000	1

Of the above, 4 employees participated in the Teachers' Pension Scheme. During the period to 31 August 2012, pension contributions for these members of staff amounted to £16,181.

### 10. Governors' remuneration and expenses

The headteacher and staff governors only receive remuneration in respect of services they provide undertaking the role of headteacher and staff and not in respect of their services as governors. No other governors received any payments from the Academy in respect of their role as governors. Salaries in the bands £35-40k, £10-15k and £5-10k have been paid in the period to T Gulliver, K Perry and T Sharp respectively in respect of their duties as employees of the academy and not for their services as governors.

During the period ended 31 August 2012, no travel and subsistence expenses were reimbursed to governors.

Related party transactions involving the trustees are set out in note 26.

### 11. Governors' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £104.

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

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 12. Tangible fixed assets

	Long leasehold land and buildings £	Furniture, fittings and plant £	Computer and software £	Motor vehicles £	Total £
<b>Cost</b>					
Additions	118,648	2,018	83,843	-	204,509
Inherited assets	19,965,474	49,120	47,871	8,000	20,070,465
At 31 August 2012	20,084,122	51,138	131,714	8,000	20,274,974
<b>Depreciation</b>					
Charged in period	193,239	8,692	11,975	-	213,906
At 31 August 2012	193,239	8,692	11,975	-	213,906
<b>Net book values</b>					
At 31 August 2012	19,890,883	42,446	119,739	8,000	20,061,068

Land to the value of £5,677,500 is included within long leasehold land and buildings and has not been depreciated.

### 13. Debtors

	2012 Total £
Trade debtors	104,216
Prepayments and accrued income	246,137
VAT recoverable	84,313
Other debtors	2,058
	<u>436,724</u>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 14. Creditors: amounts falling due within one year

	2012 Total £
Trade creditors	246,329
Social security & other taxes	102,879
Other creditors	79,505
Accruals and deferred income	247,005
	<u>675,718</u>

### 15. Deferred income

	2012 Total £
Deferred income at 1 January 2012	-
Resources deferred in the year	45,917
<b>Deferred income at 31 August 2012</b>	<u>45,917</u>

The resources deferred to 2012/13 include trip income of £39,755 and grant income of £4,162 received in advance of the 2012/13 academic year.

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 16. Funds

	Balance at 1 January 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,938,041	(2,674,984)	(204,509)	58,548
DfE/LA and other grants	-	99,747	(90,493)	-	9,254
Other restricted funds	-	121,168	(50,388)	-	70,780
Pension reserve	-	(1,194,000)	(18,000)	(102,000)	(1,314,000)
		<u>1,964,956</u>	<u>(2,833,865)</u>	<u>(306,509)</u>	<u>(1,175,418)</u>
<b>Restricted fixed asset funds</b>					
LEA and other grants	-	25,819	-	-	25,819
Inherited Fixed Assets	-	20,070,465	(213,906)	-	19,856,559
Capital expenditure from GAG	-	-	-	204,509	204,509
	-	<u>20,096,284</u>	<u>(213,906)</u>	<u>204,509</u>	<u>20,086,887</u>
<b>Total restricted funds</b>	-	<u>22,061,240</u>	<u>(3,047,771)</u>	<u>(102,000)</u>	<u>18,911,469</u>
<b>Unrestricted funds</b>					
Unrestricted funds	-	633,638	(7,458)	-	626,180
<b>Total funds</b>	-	<u>22,694,878</u>	<u>(3,055,229)</u>	<u>(102,000)</u>	<u>19,537,649</u>

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

#### General Annual Grant (GAG)

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

#### DfE/LA and other grants

Included under this fund is a grant for £20,807 in relation to SEN funding received from the LA during the period and a grant totalling £65,726 in relation to Pupil Premium which represents the school's entitlement for this grant up to 31 August 2012, in addition to £13,214 of 16-19 bursary funding.

#### Other restricted funds

Other restricted funds incoming resources includes £63,775 received from parents for contributions towards education and extra curricular trips and other educational activities included in the school fund, and other small restricted income funds.

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### Restricted Fixed Asset Fund

The restricted fixed asset fund represents the brought forward balance of the inherited fixed assets introduced from the LA upon conversion less accumulated depreciation up to 31 August 2012 together with restricted GAG funds expended on fixed assets during the period.

Also included under restricted fixed asset funds are devolved capital grants amounting to £25,819.

### Unrestricted Funds

Unrestricted funds are available to be spent on any purpose within the school's charitable objects.

## 17. Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by:

	<b>Unrestricted general fund</b>	<b>Restricted general fund</b>	<b>Restricted fixed asset fund</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	-	20,061,068	20,061,068
Net current assets	626,180	138,582	25,819	790,581
Pension scheme liability	-	(1,314,000)	-	(1,314,000)
<b>Total net assets</b>	<b>626,180</b>	<b>(1,175,418)</b>	<b>20,086,887</b>	<b>19,537,649</b>

## 18. Financial commitments

### Operating leases

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows:

	<b>2012 Total £</b>
<u>Other</u>	
Expiring within one year	-
Expiring within two and five years inclusive	688
	<b>688</b>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 19. Reconciliation of operating surplus to net cash inflow from operating activities

	Notes	2012 £
Net incoming resources		19,639,649
Depreciation	12	213,906
Donations – inherited fixed assets	3	(20,070,465)
Acquired defined benefit pension scheme liability		1,194,000
Capital grants from DfE and other capital income		(25,819)
Interest receivable	5	(312)
FRS17 pension cost less contributions payable	25	18,000
Increase in debtors	13	(436,724)
Increase in creditors	14	576,198
<b>Net cash inflow from operating activities</b>		<b>1,108,433</b>

### 20. Returns on investments and servicing of finance

		2012 £
Interest received	5	312
<b>Net cash inflow from returns on investment and servicing of finance</b>		<b>312</b>

### 21. Capital expenditure and financial investment

		2012 £
Purchase of tangible fixed assets		(104,989)
Capital grants from DfE/EFA		25,819
<b>Net cash inflow from capital expenditure and financial investment</b>		<b>(79,170)</b>

### 22. Analysis of changes in net funds

	At 1 April 2012 £	Cash flows £	At 31 August 2012 £
Cash in hand and at bank	-	1,029,575	1,029,575

### 23. 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.

## Notes to the Financial Statements for the period ended 31 August 2012

### 24. Pension and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LPGS) for non-teaching staff, which is managed by Worcestershire County Council Pension Fund. 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 was 31 March 2004 and of the LGPS 31 March 2011.

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

#### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years).

## Notes to the Financial Statements for the period ended 31 August 2012

### 24. Pension and similar obligations (continued)

This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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 and the implications for the academy in terms of the anticipated contribution rates.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £93,000 of which employer's contributions totalled £71,000 and employees' contributions totalled £22,000. The agreed contribution rates for future years are 18% for employers and between 5.5-6.5% for employees.

The academy also makes a payment towards the pension deficit in respect of pensionable service prior to conversion that has transferred from the local authority to the academy through the transfer agreement. In the period to 31 August 2012, the total amount paid in respect of this deficit was 7.7% of pensionable salaries. The amount payable for 2012/13 is 7.7% of pensionable salaries.

<b>Principal actuarial assumptions</b>	<b>At 31 August 2012</b>
Rate of increase in salaries	3.8%
Rate of increase for pensions in payment / inflation	2.3%
Discount rate for scheme liabilities	4.5%

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 24. Pension and similar obligations (continued)

<b>Sensitivity analysis on the principal actuarial assumptions</b>	<b>Movement in liability at 31 August 2012 (£000)</b>
Discount rate increased by 0.1% p.a	(29)
Inflation increased by 0.1% p.a	29
Life expectancy at retirement increased by 1 year	24

\*with similar movements in salary growth and pension increases

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

	<b>At 31 August 2012</b>
<i>Retiring today</i>	
Males	22.4
Females	24.9
<i>Retiring in 20 years</i>	
Males	24.2
Females	26.9

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

	<b>Expected return at 31 August 2012 %</b>	<b>Fair value at 31 August 2012 £'000</b>
Equities	7.0	84
Government bonds	2.5	-
Other Bonds	3.4	4
Property/infrastructure	6.0	-
Cash	0.5	2
Other	7.0	3
		<u>93</u>
<b>Total market value of assets</b>		
Present value of scheme liabilities		
- Funded		<u>(1,407)</u>
<b>Deficit in the scheme</b>		<u><u>(1,314)</u></u>

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 24. Pension and similar obligations (continued)

The expected rate of return on assets is the average rate of return expected over the remaining life of the related obligation on the actual assets held by the Fund. It includes both income and changes in fair value but is net of scheme expenses. It is based on market expectations at the beginning of the reporting period. This assumption is used to determine the expected return on assets for the pension expense.

The actual return on the scheme assets was £NIL.

<b>Total expenditure recognised in the Statement of Financial Activities</b>	<b>2012 £000</b>
Current service cost (net of employee contributions)	63
Past service cost	-
Total operating charge	<u>63</u>
<b>Analysis of pension finance income / (costs)</b>	<b>2012 £000</b>
Expected return on pension scheme assets	1
Interest on pension liabilities	(27)
<b>Pension finance income / (costs)</b>	<u>(26)</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £102,000 loss.

<b>Movements in the present value of defined benefit obligations were as follows:</b>	<b>2012 £000</b>
<b>Acquired defined benefit liabilities at 1 April</b>	<b>1,194</b>
Current service cost	63
Interest cost	27
Employee contributions	22
Actuarial loss	101
<b>At 31 August</b>	<u><b>1,407</b></u>
<b>Movements in the fair value of the academy's share of scheme assets:</b>	<b>2012 £000</b>
<b>Acquired fair value of plan assets at 1 April</b>	<b>-</b>
Expected return on assets	1
Actuarial loss	(1)
Employer contributions	71
Employee contributions	22
<b>At 31 August</b>	<u><b>93</b></u>

# King Charles I School

## Notes to the Financial Statements for the period ended 31 August 2012

### 24. Pension and similar obligations (continued)

The five-year history of expenses adjustments is as follows:

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation at end of year	(1,407)				
Fair value of plan assets at end of year	93				
Deficit	(1,314)				
<b>Experience adjustments on share of scheme assets</b>	(1)				
Amount £'000	(1)				
<b>Experience adjustments on share of scheme liabilities</b>	-				
Amount £'000	-				

### 25. Related party transactions

There were no material related party transactions during the period.