

THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

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**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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The following pages do not form part of the statutory financial statements.

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

Governors

Mr C M Richardson, Headteacher (appointed 1 June 2011)^{1,2,3}
Mr P J Lythgoe, Chair of Governors, Child Protection Governor (appointed 17 August 2010)^{1,2}
Rev J E G Angle (appointed 1 June 2011)^{2,3}
Mr M E Belch (appointed 17 August 2010)¹
Mr N Clegg (appointed 1 June 2011)¹
Mr M Davey (appointed 1 June 2011)¹
Mr B Kirkup, Chair of Kings Fitness and Leisure Management Board (appointed 17 August 2010)^{1,2}
Mrs S M Ladbrooke, SEN Governor (appointed 1 June 2011)³
Mr R J A Oliver, Vice Chair of Governors (appointed 1 June 2011)^{2,3}
Rev S M Rose (appointed 1 June 2011)³
Mr J Russell, Staff Governor (appointed 1 June 2011, resigned 31 August 2012)¹
Mr S C Tones (appointed 17 August 2010, resigned 31 August 2012)¹

¹ Finance & Personnel

² Kings Fitness & Leisure

³ Teaching & Learning

**Company registered
number** 07348580

**Principal and Registered
office** Station Road
Cheddar
Somerset
BS27 3AQ

**Academy Leadership
Group**

Mr C Richardson
Mrs B Marshall
Mr N Blunsum
Mr S Green
Mrs S Hobbs
Mr C Hughes
Mr C Brown

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

Advisers (continued)

Company secretary	Mr C Brown
Auditors	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	The Co-operative Bank 16 St Stephens Street Bristol BS1 1JR
Solicitors	Foot Anstey LLP

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period ended 31 August 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 17 August 2010 and opened as an Academy on 1 June 2011 as a Charitable Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors act as the Trustees for the charitable activities of The Kings of Wessex Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Kings of Wessex Academy.

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they cease to be a member.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy's, provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Directors of the Academy. The limit of this indemnity is £5,000,000.

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 £250,000 on any one claim.

Principal Activity

The principal activity is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing an upper school offering a broad and balanced curriculum.

The principal activity of the Academy is to provide free education for pupils of different abilities between the ages of 13 and 18.

GOVERNORS

Method of recruitment and appointment or election of Governors

On 1 June 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office of 4 years and this time limit shall not apply to the Headteacher or the incumbent.

The Academy's Governing Body comprises the Headteacher, a minimum of four Parent Governors, up to two Staff Governors (providing that the total number of Governors, including the Headteacher, who are employees of the Academy, does not exceed one third of the total number of Governors) and up to six other Governors.

**THE KINGS OF WESSEX ACADEMY TRUST
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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Academy shall have the following Governors as set out in its Articles of Association and funding agreement

- up to six Governors who are appointed by The Members.
- up to four Parent Governors who are elected by Parents of registered pupils at the Academy
- up to two staff Governors appointed by The Members.
- up to three Foundation Governors who are appointed by the The Members
- up to two Co-opted Governors who are appointed by the The Members
- the Headteacher who is treated for all purposes as being an ex officio Governor.

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher or incumbent. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development

Policies and Procedures adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by external bodies.

There are Governor visit days organised each term which include meeting with their subject leader link, lesson observations and "student pursuit" together with specific training sessions to keep the Governors updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Governors normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are three committees as follows

- Finance and Personnel Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements including health and safety and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee. Determines the Academy's Pay Policy and annually reviews the Headteacher and Leadership Group salaries.
- Teaching and Learning Committee - this meets four times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Kings Fitness & Leisure Management Board which meets six times a year and is responsible for monitoring and evaluating the performance of Kings Fitness & Leisure and receiving the Managers Report and monthly budget reports. Regularly reviews membership fees and associated charges for the activities run at the Centre. Ensures compliance with reporting and regulatory requirements relating to the operation of a Leisure Centre.

**THE KINGS OF WESSEX ACADEMY TRUST
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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

The following decisions are reserved to the Board of Governors, to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the Annual Development Plan and budget.

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and Academy Leadership Group (ALG) The ALG comprises the Headteacher, Deputy Headteacher, 4 Assistant Headteachers and the Bursar The ALG implement the policies laid down by the Governors and report back to them on performance

The Academy has a leadership structure which consists of the Governors, The Leadership Group, Year Heads and Subject Leaders

The ALG controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them The Headteacher, Academy Bursar and Finance and Personnel Committee are responsible for the authorisation of spending within agreed budgets, a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff

The Headteacher is the Accounting Officer

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances

The Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, premises management) and internal financial controls in order to minimise risk Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control

The Academy has undertaken a full review of the main areas of risks which it faces This includes all health and safety and child protection policies and procedures In addition a review of all financial risks is undertaken on a regular basis

The Academy has a formal risk management process to assess business risks and to implement risk management strategies This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks A Risk Register is maintained and reviewed on a regular basis

Connected Organisations, including Related Party

The Academy has strong collaborative links with nine feeder First Schools and two Middle Schools known as The Cheddar Valley Schools

There are no related parties which either control or significantly influence the decisions and operations of The Kings of Wessex Academy Trust There are no sponsors or formal Parent Teacher Associations associated with the Academy

OBJECTIVES AND ACTIVITIES

Objects and Aims

The aims of the Academy during the period ended 31 August 2012 are summarised below

Target 1 – Improving Standards of Achievement At GCSE

- provide additional tuition in English and Maths for Year 11 C/D borderline,
- improve performance at GCSE in Design Technology, Music, Physical Education and Business Studies,
- implement baseline testing for Year 9 on entry in Maths, Science and Languages,
- replace the national skills profile for School Action Plus students with entry level qualifications in core subjects and OCR Life-Living Skill;
- provide additional literacy and numeracy in Year 9 for lower ability students,
- plan for the implementation of the new linear GCSE courses

At 'A' Level.

- exam review meetings with Subject Leaders to focus on 'A' Level performance,
- subject Leaders to draw up and implement a five point Action Plan of strategies to improve performance at A Level,
- improve arrangements for tracking student's progress to ensure more effective early identification of issues and intervention strategies,
- undertake a whole school review of 'A' Level teaching and learning through lesson observations, scrutiny of work and student feedback to identify strengths and areas for improvement;
- implement strategies to strengthen the work ethic of Sixth form students.

Target 2 – Developing Outstanding Teaching and Learning through High Impact Learning

- continue to provide coaching for teachers to support the development of outstanding classroom practice,
- continue to provide support for teachers to develop innovative approaches to teaching and learning with a focus on new technologies and feedback to students,
- provide all teachers with the opportunity to observe outstanding practice,
- establish a Teaching and Learning team to share and develop outstanding pedagogy,
- provide opportunities for teachers to visit other outstanding Schools/Academies to observe outstanding teaching and learning,
- rigorously monitoring the quality of Teaching and Learning through an ongoing programme of lesson observations,
- publish a framework for outstanding teaching and learning,
- ensure all teachers are familiar with the new Ofsted criteria for Teaching and Learning,
- ensure that all classrooms are inspirational places for learning,
- continue to develop opportunities for e learning both within the classroom and via the KLP,
- implement a laptop scheme for students

Target 3 - Ensuring the Efficient Operation of the Academy

- procure services which meet the needs of the Academy and achieve best value,
- review and update all policies to ensure they meet statutory requirements and the needs and aspirations of the academy;
- reduce expenditure and workload through the use of electronic communication to report to parents, monitor behaviour and rewards, send letters home and appointments for parent's evenings,
- review and update the current arrangements for academy self-evaluation in response to the new Ofsted framework,
- revise the key performance indicators in line with the new Ofsted framework,
- review the current arrangements for managing Kings Fitness & Leisure to minimise potential risks to the Academy,
- reduce expenditure on energy by replacing the current oil fired boilers with new gas boilers,
- refurbish and re-decorate classrooms

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

Target 4 - Investing in our Teachers, Support Staff and Leaders

- continue to develop our Continuing Professional Learning twilight programme to support the Academy's priorities and the professional development of all teachers, support staff and leaders,
- review and amend the current arrangements for Performance Management,
- work together with Huish Episcopi and Holyrood Academies to establish a leadership exchange programme,
- produce a framework for outstanding leadership,
- deliver a Middle Leadership Training Programme,
- provide training opportunities to share our outstanding practice with other schools and academies,
- organise a joint 'A' Level subject training day with Somerset Sixth form School's and Academies,
- work together with Somerset Sixth form School's and Academies Group to provide joint conference days for leaders to share and develop outstanding practice

Target 5 - Increasing Student Confidence and Aspirations Positively on Progress and career Choices

- develop the Job Talk programme,
- raise the profile of careers and employability in all subject areas,
- commence work in Year 11 on Higher Education opportunities,
- review the current arrangements for rewards,
- hold one to one "Futures Meetings" with all Year 12 students to explore progression routes and identify support,
- establish Year 11 ambassadors,
- introduce the Arts Leadership Award,
- display the photographs and university destinations of Year 13 Leavers,
- improve employability by encouraging Sixth form students to engage in leadership activities,
- use Assemblies to build confidence and raise aspirations for young people

At The Kings of Wessex Academy we aim to get the best out of everyone and provide a world class education for our students. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

The Academy objects are specifically restricted to the following

- 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 with a designated Church of England religious character offering a broad and balanced curriculum. The Academy conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the funding agreement) and in having regard to the advice of the Diocesan Board of Education, and
- to provide facilities for recreation or other leisure time occupation for the public at large in the interests of social welfare and with the object of improving their conditions of life

The principal object and activity of the Charitable Company is the operation of The Kings of Wessex Academy to provide free education and care for pupils of different abilities between the ages of 13 and 18.

Public Benefit

The Governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Academy aims to advance for the public benefit, education within the Cheddar Valley Schools Association. The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

As an Academy we have a duty to support other schools by sharing good practice.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

At GCSE 91% of Year 11 achieved five or more A*-C grades which equalled our previous best. The percentage of students achieving five or more A*-C grades including English and Maths was 65%. This was below expectations and was attributable to the issues surrounding the exam board assessment of English that affected a large number of schools nationally particularly those like ours who did not enter students in January. The pass rate for all exams sat was 99%, with 26% being awarded the top grades of A*/A. 19.5% of students achieved the Ebac.

At A level the pass rate rose to 99% and a quarter of all the A level grades awarded were the top grades of A and A*. The APS per entry rose from 222 to 226.5.

At AS level the pass rate was 85.3% a slight fall on the previous year. Of this 40.4% of students achieved the top grades of A and B, an increase of 5% on the previous year.

The Academy regularly tracks the progress of students and intervenes to provide additional challenge and support where this is required. Our mentoring plus programme provides additional support to all Year 11 students with extra sessions at lunchtimes and after school run by all departments. The Academy Leadership Team and Subject Leaders monitor the quality of teaching through an ongoing programme of lesson observations. All teaching staff participate in a programme of continued professional learning to develop pedagogical and leadership skills.

The Academy was inspected by OFSTED in February 2010 and was judged to be Outstanding.

During the year the Academy completed the refurbishment of the Gymnasium at a cost of £70K and a major extension to form a new Fitness Suite in the Leisure Centre. Smaller projects included replacement of windows and doors to The Supervised Learning Unit, a new porch entrance to The Learning Resources Centre and redecoration of the Maths Department, Changing Rooms and Main School corridors.

During the year, the Academy secured a capital maintenance grant of £900,000 to refurbish The Main Block through a programme of external replacement windows and cladding.

The Academy's charity fundraising activities during Charities Week raised £10,000.

The Academy has established close links with Holyrood Academy and Huish Episcopi Academy. The three Academies have embarked on mutual staff development, with the primary aim of driving up standards.

The Academy in partnership with Holyrood, Huish Episcopi, West Somerset, Kingsmead and Taunton Academies has been successful in their bid through Granada Learning to deliver NCSL (National College for School Leadership) training across the South West.

Going Concern

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

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period under review, £734K was carried forward representing 13% of GAG. But

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**GOVERNORS' REPORT (continued)
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included within the Carry Forward is the first payment of £180K received from The Academies Capital Maintenance Fund which is committed to the refurbishment of Block A with the work to be undertaken in the 2012/13 financial year

As funding is based on pupil numbers this is also a key performance indicator Pupil numbers for 2012 were 1,178 which is consistent with 1,184 in 2011. It is anticipated that this number will continue to be steady over the next 4 years

Another key financial performance indicator is staffing costs as a percentage of GAG For 2012 this was 56.4% for teaching and 15.2% for support staff representing overall 71.6% of total budget.

Student to teacher ratio is 17.2 and overall income received per student is £4,656 against expenditure of £4,298 per student

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies

During the year ended 31 August 2012, total expenditure of £7,991,151 was covered by recurrent grant funding from the DfE of £7,031,773, together with other incoming resources of £1,732,908. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £1,264,286

At 31 August 2012 the net book value of fixed assets was £13,778,030 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued in May 2012 at £15,648,654. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share £326,456 was transferred across on conversion and is shown as Unrestricted Funds

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The net pension liability at 31 August 2012 is calculated at £1,668,000

Key financial policies adopted or reviewed during the period include the Accounting Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charging, Lettings, Asset Management and Insurance, Whole School Pay Policy, Declaration of Pecuniary Interests, Treasury Management, Gifts and Hospitality.

Governors have adopted a Responsible Officer Policy and appointed Marilyn Fletcher, former Education Finance officer to undertake a programme of internal checks on financial controls. During the year, the Governors received the initial report from the Responsible Officer which contained no matters of significance

**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, strategic, governing body, management, human resources and health and safety. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is maintaining its students numbers, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the Education Funding Agency. In the last year 97.5% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - the Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the

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**GOVERNORS' REPORT (continued)
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process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Reserves Policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Governors have determined that the appropriate level of free cash reserves should be approximately £150,000. The reason for this 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.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Governors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Bursar within strict guidelines approved by the Governing Body.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its students at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Following the notification of a successful capital funding bid, the Academy will commence refurbishment of The Main Building. The project is due for completion by 31 March 2013.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Governors.

As a partner Academy within Somerset Academies NCSL (National College for School Leadership) the Academy will receive additional funding for its role in providing training for NCSL and opportunities to develop training opportunities for its middle leaders.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Governors do not act as the Custodian Trustees of any other Charity.

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

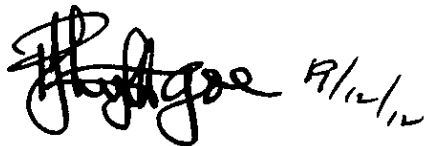
AUDITORS

In so far as the Governors are aware

- there is no relevant audit information of which the Charitable Company's auditors are 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 auditors are aware of that information

The auditors, Bishop Fleming Bath Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

This report was approved by order of the members of the Governing Body on *19th December 2012* and signed on its behalf by



Mr P Lythgoe
Chair of Governors

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Kings of Wessex Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Governing Body has formally met 5 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr C M Richardson, Headteacher	5	5
Mr P J Lythgoe, Chair of Governors, Child Protection Governor	5	5
Rev J E G Angle	4	5
Mr M E Belch	5	5
Mr N Clegg	4	5
Mr M Davey	4	5
Mr B Kirkup, Chair of Kings Fitness and Leisure Management Board	5	5
Mrs S M Ladbrooke, SEN Governor	2	5
Mr R J A Oliver, Vice Chair of Governors	5	5
Rev S M Rose	3	5
Mr J Russell, Staff Governor	4	5
Mr S C Tomes	5	5

The **Finance & Personnel Committee** is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the governing body by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finance and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr P J Lythgoe	3	5
Mr M E Belch	5	5
Mr N Clegg	5	5
Mr M Davey	5	5
Mr B Kirkup	5	5
Mr J Russell	5	5
Mr C M Richardson	5	5
Mr S Tomes	3	5

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

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Kings of Wessex Academy Trust for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and Personnel 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 (as set purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Marilyn Fletcher, a former Education Finance Officer for Somerset County Council, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Personnel Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

19 December 2012

Approved by order of the members of the Governing Body on

and signed on their behalf, by

 19/12/12

Mr P J Lythgoe
Chair of Governors

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy 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'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.

 19.12.12

Mr C M Richardson
Accounting Officer

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors (who act as trustees for charitable activities of The Kings of Wessex Academy Trust 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 Annual Accounts Requirements 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to

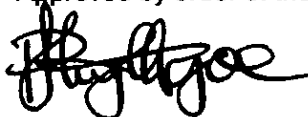
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume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

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 EFADfE 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 and signed on its behalf by

 19/12/12

Mr P J Lythgoe
Chair of Governors

Date:

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KINGS OF WESSEX ACADEMY TRUST

We have audited the financial statements of The Kings of Wessex Academy Trust 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the Governors (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 Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE KINGS OF WESSEX ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Bishop Fleming Bath Ltd

Duncan Nicholas BSc FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date 21/12/12

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KINGS
OF WESSEX ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 November 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 The Kings of Wessex Academy Trust during the period 1 June 2011 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 The Kings of Wessex Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Kings of Wessex Academy Trust 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 The Kings of Wessex Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE KINGS OF WESSEX ACADEMY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT'S**

The Accounting Officer is responsible, under the requirements of The Kings of Wessex Academy Trust's funding agreement with the Secretary of State for Education dated 1 June 2011, and the Academies Financial Handbook as published by DfE in 2012, 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 June 2011 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's income and expenditure

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KINGS
OF WESSEX ACADEMY TRUST 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 period 1 June 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Bishop Fleming Bath Ltd

Bishop Fleming Bath Limited
Chartered Accountants
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date 21/12/12

THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Amounts transferred on conversion	3	326,426	(1,166,000)	14,046,380	13,206,806	-
Other voluntary income	3	11,319	23,809	204,020	239,148	-
Activities for generating funds	4	24,242	-	-	24,242	-
Investment income	5	618	-	-	618	-
Incoming resources from charitable activities	6	1,357,877	7,142,796	-	8,500,673	-
TOTAL INCOMING RESOURCES		1,720,482	6,000,605	14,250,400	21,971,487	-
RESOURCES EXPENDED						
Charitable activities	12	1,132,525	6,400,923	420,069	7,953,517	-
Governance costs	8	-	37,634	-	37,634	-
TOTAL RESOURCES EXPENDED	11	1,132,525	6,438,557	420,069	7,991,151	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		587,957	(437,952)	13,830,331	13,980,336	-
Transfers between Funds	20	-	(151,719)	151,719	-	-
NET INCOME FOR THE YEAR		587,957	(589,671)	13,982,050	13,980,336	-
Actuarial gains and losses on defined benefit pension schemes		-	(402,000)	-	(402,000)	-
NET MOVEMENT IN FUNDS FOR THE YEAR		587,957	(991,671)	13,982,050	13,578,336	-
Total funds at 1 June 2011		-	-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		587,957	(991,671)	13,982,050	13,578,336	-

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

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

The notes on pages 24 to 43 form part of these financial statements

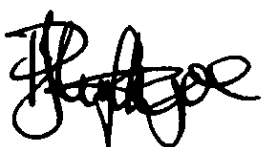
THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07348580

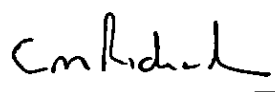
BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	31 August 2012 £	£	31 May 2011 £
FIXED ASSETS					
Tangible assets	17		13,778,030		-
CURRENT ASSETS					
Debtors	18	53,659		-	
Cash at bank and in hand		1,766,021		-	
		<u>1,819,680</u>		-	
CREDITORS: amounts falling due within one year	19	(351,374)		-	
NET CURRENT ASSETS			<u>1,468,306</u>		-
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,246,336</u>		-
Defined benefit pension scheme liability	27		(1,668,000)		-
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>13,578,336</u></u>		-
FUNDS OF THE ACADEMY					
Restricted funds					
General funds	20	676,329		-	
Fixed asset funds	20	13,982,050		-	
Restricted funds excluding pension liability		<u>14,658,379</u>		-	
Pension reserve		<u>(1,668,000)</u>		-	
Total restricted funds			<u>12,990,379</u>		-
Unrestricted funds	20		<u>587,957</u>		-
TOTAL FUNDS			<u><u>13,578,336</u></u>		-

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

and are

 19/12/12
Mr P J Lythgoe
Chair of Governors

 19.12.12
Mr C M Richardson
Headteacher

The notes on pages 24 to 43 form part of these financial statements

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	22	1,386,646	-
Returns on investments and servicing of finance	23	618	-
Capital expenditure and financial investment	23	52,301	-
Cash transferred on conversion to an academy trust	25	326,456	-
INCREASE IN CASH IN THE PERIOD		<u>1,766,021</u>	<u>-</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2012**

	2012 £	2011 £
Increase in cash in the period	<u>1,766,021</u>	<u>-</u>
MOVEMENT IN NET FUNDS IN THE PERIOD	<u>1,766,021</u>	<u>-</u>
NET FUNDS AT 31 AUGUST 2012	<u>1,766,021</u>	<u>-</u>

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

The notes on pages 24 to 43 form part of these financial statements

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 COMPANY STATUS

The academy is a company limited by guarantee. The members of the company are the Governors 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 Governors.

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

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

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

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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

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

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

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES (continued)

1.5 RESOURCES EXPENDED

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 GOING CONCERN

The Governors have assessed 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 have made this assessment in respect of a period of one year from the date of approval of the financial statements. The Governors conclude that it is appropriate to prepare the accounts on the going concern basis for the period ended 31 August 2012.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £10,000 are capitalised.

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

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

L/Term Leasehold Property	-	2% straight line over the life of the lease
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

1.8 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

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 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES (continued)

1.11 CONVERSION TO AN ACADEMY TRUST

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

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

Land and buildings have been included in the accounts at an estimation of their value at the date of conversion. In determining this value the Governors have referred to the valuation of land and buildings provided by the EFA as at 31 August 2012 which was performed using the Depreciated Replacement Cost method.

Further details of the transaction are set out in note 25.

2. GENERAL ANNUAL GRANT (GAG)

	31 August 2012 £	31 May 2011 £
Result and Carry Forward for the Year		
GAG Allocation for current year	6,969,363	-
Total GAG Available to spend	6,969,363	-
Recurrent expenditure from GAG	(6,165,124)	-
Fixed assets purchased from GAG	(151,719)	-
GAG Carried forward to next year	652,520	-
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(674,410)	-
GAG to surrender to DfE	(21,890)	-
(12% rule breached if result is positive)	No breach	No breach

The maximum GAG carried forward is based on 12 months to 31 August 2012, however the results for the period included the full 15 month accounting period. The results during the period have been considered a breach has been identified.

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3. VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Amounts transferred on conversion	326,426	12,880,380	13,206,806	-
Donations	11,319	3,812	15,131	-
Government grants	-	224,017	224,017	-
Subtotal	11,319	227,829	239,148	-
Voluntary income	337,745	13,108,209	13,445,954	-

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Lettings	19,845	-	19,845	-
External Catering	4,397	-	4,397	-
	24,242	-	24,242	-

5. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Bank interest	618	-	618	-

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Education	181,201	7,142,796	7,323,997	-
Leisure facilities	1,176,676	-	1,176,676	-
	1,357,877	7,142,796	8,500,673	-

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FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
DfE/EFA revenue grant				
General Annual Grant	-	6,969,363	6,969,363	-
Start up Grants	-	25,000	25,000	-
Pupil Premium and 16-18 Bursary	-	37,410	37,410	-
	-	7,031,773	7,031,773	-
Other government grants				
Special Education Needs	-	103,311	103,311	-
Other government grants non capital	-	7,600	7,600	-
	-	110,911	110,911	-
Other funding				
Internal catering income	92,343	-	92,343	-
Other	88,858	112	88,970	-
	181,201	112	181,313	-
	181,201	7,142,796	7,323,997	-

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Education	92,343	6,805,231	6,897,574	-
Leisure facilities	1,040,182	15,761	1,055,943	-
	1,132,525	6,820,992	7,953,517	-

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8. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Auditors' remuneration	-	6,000	6,000	-
Auditors' non audit costs	-	3,250	3,250	-
Legal and Professional	-	27,938	27,938	-
Other costs	-	446	446	-
	-	37,634	37,634	-

9. DIRECT COSTS

	Education £	Leisure facilities £	Total 2012 £	Total 2011 £
Pension finance costs	70,000	-	70,000	-
Educational supplies	292,786	-	292,786	-
Examination fees	188,459	-	188,459	-
Staff development	9,286	-	9,286	-
Maintenance of premises and equipment	-	289,641	289,641	-
Wages and salaries	3,369,108	404,104	3,773,212	-
National insurance	263,614	20,255	283,869	-
Pension cost	493,563	19,647	513,210	-
	4,686,816	733,647	5,420,463	-

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10. SUPPORT COSTS

	Education £	Leisure facilities £	Total 2012 £	Total 2011 £
Staff development	3,295	5,739	9,034	-
Other costs	67,752	-	67,752	-
Recruitment and other staff costs	65,757	-	65,757	-
Maintenance of premises and equipment	234,599	3,165	237,764	-
Cleaning	25,362	-	25,362	-
Rent and rates	19,695	-	19,695	-
Heat and light	104,833	27,172	132,005	-
Insurance	6,701	-	6,701	-
Security and transport	10,758	-	10,758	-
Catering	61,865	882	62,747	-
Technology costs	174,962	-	174,962	-
Office overheads	97,376	131,129	228,505	-
Legal and professional	106,801	44,645	151,446	-
Bank interest and charges	1,053	-	1,053	-
Wages and salaries	710,271	85,483	795,754	-
National insurance	36,706	4,223	40,929	-
Pension cost	78,664	4,097	82,761	-
Depreciation	404,308	15,761	420,069	-
	<u>2,210,758</u>	<u>322,296</u>	<u>2,533,054</u>	<u>-</u>

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
Education	4,951,926	404,308	1,541,340	6,897,574	-
Leisure facilities	537,809	15,761	502,373	1,055,943	-
CHARITABLE ACTIVITIES	<u>5,489,735</u>	<u>420,069</u>	<u>2,043,713</u>	<u>7,953,517</u>	<u>-</u>
GOVERNANCE	-	-	37,634	37,634	-
	<u>5,489,735</u>	<u>420,069</u>	<u>2,081,347</u>	<u>7,991,151</u>	<u>-</u>

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £	Total 2011 £
Education	4,686,816	2,210,758	6,897,574	-
Leisure facilities	733,647	322,296	1,055,943	-
Total	<u>5,420,463</u>	<u>2,533,054</u>	<u>7,953,517</u>	<u>-</u>

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13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the charity	420,069	-
Auditors' remuneration	6,000	-
Auditors' remuneration - non-audit	3,250	-
	<u>429,319</u>	<u>-</u>

During the period, no Governors received any benefits in kind (2011 £NIL)

During the period, no Governors received any reimbursement of expenses (2011 £NIL).

14. STAFF COSTS

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	4,568,966	-
Social security costs	324,798	-
Other pension costs	595,971	-
	<u>5,489,735</u>	<u>-</u>

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

	2012 No.	2011 No.
Teaching staff	70	0
Administration	38	0
Management	7	0
Leisure centre	41	0
	<u>156</u>	<u>0</u>

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

	2012 No.	2011 No.
In the band £60,001 - £70,000	1	0
In the band £100,001 - £110,000	1	0
	<u>2</u>	<u>0</u>

Both of the above employees participate in the Teachers' Pension Scheme Annual employers' contributions of £23,893 are payable in respect of these staff

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15. GOVERNORS' REMUNERATION

The Headteacher and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of the Governors' remuneration for their term in office for the 15 month period ending 31 August 2012 was as follows Mr C Richardson £105,096 and Mr J Russell £38,096

During the period retirement benefits were accruing for two Governors in respect of defined benefit pension schemes as follows Mr C Richardson £18,523 and Mr J Russell £6,769

16. 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 £250,000 on any one claim.

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

17. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
Additions	74,533	-	54,934	22,252	151,719
Transfer on conversion	13,708,921	16,944	288,787	31,728	14,046,380
At 31 August 2012	13,783,454	16,944	343,721	53,980	14,198,099
DEPRECIATION					
Charge for the period	334,364	3,389	68,821	13,495	420,069
At 31 August 2012	334,364	3,389	68,821	13,495	420,069
NET BOOK VALUE					
At 31 August 2012	13,449,090	13,555	274,900	40,485	13,778,030
At 31 May 2011	-	-	-	-	-

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18. DEBTORS

	31 August 2012 £	31 May 2011 £
Trade debtors	3,135	-
VAT	36,898	-
Prepayments and accrued income	13,626	-
	<u>53,659</u>	<u>-</u>

**19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 August 2012 £	31 May 2011 £
Trade creditors	25,956	-
Social security and other taxes	91,375	-
Other creditors	69,192	-
Accruals and deferred income	164,851	-
	<u>351,374</u>	<u>-</u>

DEFERRED INCOME

Resources deferred during the year	<u>42,984</u>
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All deferred revenue is in respect of annual membership of the Leisure facilities

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	543,244	(92,343)	-	-	450,901
Leisure centre	-	1,177,238	(1,040,182)	-	-	137,056
	<u>-</u>	<u>1,720,482</u>	<u>(1,132,525)</u>	<u>-</u>	<u>-</u>	<u>587,957</u>

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20. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	-	6,969,363	(6,165,124)	(151,719)	-	652,520
Special needs funding	-	103,311	(103,311)	-	-	-
Pupil premium	-	17,206	(17,206)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
Devolved formula capital	-	19,997	-	-	-	19,997
16-18 Bursary	-	20,204	(20,204)	-	-	-
PE teachers grant	-	7,600	(7,600)	-	-	-
Other income	-	3,924	(112)	-	-	3,812
Pension reserve	-	(1,166,000)	(100,000)	-	(402,000)	(1,668,000)
	-	6,000,605	(6,438,557)	(151,719)	(402,000)	(991,671)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	-	14,046,380	(420,069)	-	-	13,626,311
Fixed assets purchased from GAG and other restricted funds	-	-	-	151,719	-	151,719
DfE/EFA Capital grants	-	204,020	-	-	-	204,020
	-	14,250,400	(420,069)	151,719	-	13,982,050
Total restricted funds	-	20,251,005	(6,858,626)	-	(402,000)	12,990,379
Total of funds	-	21,971,487	(7,991,151)	-	(402,000)	13,578,336

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

UNRESTRICTED INCOME

General funds included the following

- Catering income of £92,343
- Surplus received on conversion to an academy from the previous school of £118,682
- Surplus received on conversion to an academy from The Kings of Wessex Leisure Centre of £207,744
- Lettings income of £19,845

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the EFA during the period in order to

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20. STATEMENT OF FUNDS (continued)

fund the continuing activities of the school

Special Education Needs (SEN) funding is received from the EFA to cater for pupils with learning difficulties and other disabilities

Pupil premium funding was received to cater for disadvantaged students.

The Start Up grant is funding from the Department of Education to cover costs in converting to an academy such as, obtaining legal advice, costs of software licence transfers, HR/TUPE advice, re-branding costs and expenses incurred in setting up the academy trust.

The 16-18 bursary received from the EFA was to cater for disadvantaged students

The PE Teachers Grant was received from the EFA to provide specialist PE and sport support to local schools

Other income included donations and other non-governmental grants under £500.

The pension fund represents the Local Government Pension Scheme deficit and further details are provided in note 26.

FIXED ASSET FUND

Fixed assets transferred from local authority on conversion represents the school's building and equipment.

Capital grants represent funding from the EFA to cover the cost of a site-wide window replacement project

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	1,720,482	(1,132,525)	-	-	587,957
Restricted funds	-	6,000,605	(6,438,557)	(151,719)	(402,000)	(991,671)
Restricted fixed asset funds	-	14,250,400	(420,069)	151,719	-	13,982,050
	<u>-</u>	<u>21,971,487</u>	<u>(7,991,151)</u>	<u>-</u>	<u>(402,000)</u>	<u>13,578,336</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	-	-	13,778,030	13,778,030	-
Current assets	722,876	892,784	204,020	1,819,680	-
Creditors due within one year	(134,919)	(216,455)	-	(351,374)	-
Provisions for liabilities and charges	-	(1,668,000)	-	(1,668,000)	-
	<u>587,957</u>	<u>(991,671)</u>	<u>13,982,050</u>	<u>13,578,336</u>	<u>-</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net incoming resources before revaluations	13,980,336	-
Returns on investments and servicing of finance	(618)	-
Net assets transferred on conversion	(13,206,836)	-
Depreciation of tangible fixed assets	420,069	-
Capital grants from DfE	(204,020)	-
Increase in debtors	(53,659)	-
Increase in creditors	351,374	-
Defined benefit pension scheme adjustments	100,000	-
NET CASH INFLOW FROM OPERATIONS	<u>1,386,646</u>	<u>-</u>

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

	2012 £	2011 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>618</u>	<u>-</u>
	2012 £	2011 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(151,719)	-
Capital grants from DfE	204,020	-
NET CASH INFLOW FROM CAPITAL EXPENDITURE	<u>52,301</u>	<u>-</u>

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24. ANALYSIS OF CHANGES IN NET DEBT

	1 June 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	1,766,021	-	1,766,021
NET FUNDS	-	1,766,021	-	1,766,021

25. CONVERSION TO AN ACADEMY TRUST

On 1 June 2011 The Kings of Wessex converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Kings of Wessex Academy Trust from Somerset County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	13,708,921	13,708,921
- Other tangible fixed assets	-	-	337,459	337,459
Budget surplus/(deficit) on LA funds	118,682	-	-	118,682
Budget surplus/(deficit) on other school funds	207,774	(1,166,000)	-	(958,226)
Net assets/(liabilities)	326,456	(1,166,000)	14,046,380	13,206,836

The above net assets include £326,456 that were transferred as cash

26. CAPITAL COMMITMENTS

During the year the EFA have awarded a grant to the school for a site-wide replacement project. The total allocation of the funding was £900,538. The balance is receivable in four tranches in June 2012, Sep 2012, Dec 2012 and Mar 2013.

The first instalment of £204,020 was received in this financial year and as such the income and the carry forward is wholly restricted. The grant is also only entitled to be spent on this specific project which will be completed in March 2013.

27. 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.

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27. PENSION COMMITMENTS (continued)

(LGPS) for non-teaching staff, which is managed by Somerset County Council. Both are defined benefit schemes.

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

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

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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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). 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

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

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 (FRS17) 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 FRS17 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 assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £153,000, of which employer's contributions totalled £108,000. The agreed contribution rate for future years are 15.1% for employers and 5.5 to 7.5% for employees.

The amounts recognised in the Balance sheet are as follows

	2012 £	2011 £
Present value of funded obligations	(2,389,000)	-
Fair value of scheme assets	721,000	-
Net liability	(1,668,000)	-

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

	2012 £	2011 £
Current service cost	(138,000)	-
Interest on obligation	(114,000)	-
Expected return on scheme assets	44,000	-
Total	(208,000)	-
Actual return on scheme assets	51,000	-

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

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

	2012 £	2011 £
Current service cost	138,000	-
Interest cost	114,000	-
Contributions by scheme participants	45,000	-
Actuarial Losses	407,000	-
Benefits paid	31,000	-
Liability transferred on conversion	1,654,000	-
	<u>2,389,000</u>	<u>-</u>
Closing defined benefit obligation		

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

	2012 £	2011 £
Expected return on assets	44,000	-
Actuarial gains and (losses)	5,000	-
Contributions by employer	108,000	-
Contributions by employees	45,000	-
Benefits paid	31,000	-
Asset transferred on conversion	488,000	-
	<u>721,000</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £402,000 (2011 £NIL)

The academy expects to contribute £92,000 to its Defined benefit pension scheme in 2013

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

	2012	2011
Property	10.00 %	- %
Equities	70.00 %	- %
Bonds	13.00 %	- %
Gilts	6.00 %	- %
Cash	1.00 %	- %

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

	2012	2011
Discount rate for scheme liabilities	3.90 %	- %
Expected return on scheme assets at 31 August	5.20 %	- %
Rate of increase in salaries	4.10 %	- %
Rate of increase for pensions in payment / inflation	1.90 %	- %

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

27. PENSION COMMITMENTS (continued)

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

	2012	2011
Retiring today		
Males	20.0 years	
Females	24.0 years	
Retiring in 20 years		
Males	22.0 years	
Females	25.9 years	

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2012 £	2011 £
Defined benefit obligation	(2,389,000)	-
Scheme assets	721,000	-
Deficit	(1,668,000)	-
Experience adjustments on scheme liabilities	(407,000)	-
Experience adjustments on scheme assets	5,000	-

28. OPERATING LEASE COMMITMENTS

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

	31 August 2012 £	31 May 2011 £
EXPIRY DATE:		
Within 1 year	13,727	-
After more than 5 years	39,017	-

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Governing Body being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the board of Governors may have 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 such transactions have occurred during the period.

**THE KINGS OF WESSEX ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

30. CONTROLLING PARTY

The Academy is under the joint control of the Governors. There is no ultimate controlling party.