

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

Members and Governors Miss Sarah Barker, Deputy Headteacher⁴
Mr Michael Boxall, Parent Governor³
Mr Ian Burrows, Deputy Headteacher^{1,3}
Mr Alan Church, Community Governor^{1,2}
Mrs Christine Gough, Community Governor²
Mr Graham Kingsley, Chair of Governors (until 31 August 2016)^{1,2}
Dr Maria Lukianowicz, Community Governor^{1,3}
Mrs Julie Mutter, Parent Governor (resigned 1 November 2015)³
Mr Richard Picking, Deputy Chair of Governors (until 31 August 2016)^{1,4}
Mrs Pauline Poole, Parent Governor³
Mr John Swift, School Business Manager/ Finance Director^{1,2}
Mr Duncan Wardrop, Community Governor²
Mrs Susan Welch, Chair of Governors (from 1 September 2016)^{1,4}
Mr Timothy Litchfield, Headteacher and Accounting Officer
Mrs Jackie Spinks, Parent Governor²
Mrs Karen Cowell, Staff Governor⁴
Mrs Catherine Connolly, Parent Governor and Deputy Chair of Governors (from 1 September 2016)⁴
Mrs Nicky Bull, Parent Governor⁴
Mr Andrew Allman, Staff Governor (appointed 15 September 2015)⁴
Miss Lucy Ward, Staff Governor (appointed 15 October 2015)³
Mrs Beth Morris, Parent Governor (appointed 9 November 2015)⁴
Mrs Michelle Dudderidge, Parent Governor (appointed 9 November 2015)³

¹ Finance and Strategy Committee

² Resources Committee

³ Curriculum, Assessment and Achievement Committee

⁴ Teaching, Learning and Student Welfare Committee

Company registered number 07552786

Company name The Knights Templar School

Principal and registered office Park Street
Baldock
Hertfordshire
SG7 6DZ

Company secretary Mrs Fiona Roper

Senior Leadership Team Timothy Litchfield, Headteacher
Ian Burrows, Deputy Headteacher
Sarah Barker, Deputy Headteacher
John Swift, School Business Manager/ Finance Director
Paul Clayton, Assistant Headteacher
Lorenzo Farina, Assistant Headteacher
Sara Levesley, Assistant Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
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Advisers (continued)

Independent auditor	MHA MacIntyre Hudson Chartered Accountants Statutory Auditor Equipoise House Grove Place Bedford MK40 3LE
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Bankers	Lloyds Bank PLC 1 Bancroft Hitchin Hertfordshire SG5 1JG
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Solicitors	Stone King 30 Station Road Cambridge CB1 2RE
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THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Baldock and its surrounding villages. It has a pupil capacity of 1,390.

Structure, governance and management

CONSTITUTION

The Academy is a charitable company limited by guarantee and an exempt charity. The Academy is a single Academy Trust and these financial statements give the results of the Academy as a single entity. The Academy is incorporated in England & Wales.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Governors of The Knights Templar School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Knights Templar School.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

Governors benefit from indemnity insurance 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. Details are provided in note 12 to the financial statements.

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

Governors are appointed in accordance with Article 50 of the Academy's Articles of Association.

The Governing Body of the Academy at the time of its foundation on 1 April 2011 was the same Governing Body of the former Knights Templar School, a Hertfordshire County Council secondary school.

The Governing Body includes the Headteacher, two Deputy Headteachers and the School Business Manager, who become Governors by virtue of their roles as senior school staff. A further three school employees are elected Staff Governors with four year terms of office and are voted in by school staff. Up to seven Community Governors are appointed by the Governing Body following invitation, where the school deems that person to have skills and experience that would be helpful to the school. Community Governors hold an initial four year term of office. Up to seven Parent Governors are elected by the school's parents. They serve four year terms of office.

The aim of the Governing Body is to have a governing constitution that comprises equal representation of its three key stakeholders: seven Staff Governors; seven Community Governors and seven Parent Governors.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

New Governors undergo an induction training programme offered by Hertfordshire County Council. All Governors are offered periodic training courses dependent on their requirements and areas of specialisation within the various sub-committees.

ORGANISATIONAL STRUCTURE

The school's day-to-day management is overseen by the Senior Leadership Team (SLT) made up of the Headteacher, two Deputy Headteachers, three Assistant Headteachers and the School Business Manager. The SLT meets twice weekly during term-time to discuss and make decisions on current affairs of the school. These invariably involve matters relating to teaching and learning, staffing issues, pastoral care, behaviour, community, finance, premises and health & safety.

The school has three sub-committees which meet once every half term: Curriculum, Assessment & Achievement; Teaching, Learning and Student Welfare and Resource Management. Each committee has its own separate terms of reference and looks at main issues and areas of policy within its own remit.

The chairs of each of the three sub-committees plus the Chair of Governors, Vice Chair, Headteacher, Deputy Headteachers and School Business Manager form the Finance & Strategy Committee. This is the main financial decision making committee and is the approving authority for all transactions and contracts in excess of £10,000. The committee meets once every half term after each of the sub-committees have met and before the full Governing Body committee meetings, which take place towards the end of each half term.

The Governing Body is the ultimate decision making authority of the Academy, focusing on strategic matters, issues of policy and overall implementation of the School Improvement Plan.

The School Business Manager holds the role of Finance Director of the academy and the Headteacher is the Accounting Officer.

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

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel comprise the Governors and the Senior Leadership Team. The Governors are not remunerated in their capacity as Governors.

Remuneration of Key Management Personnel is set by a panel of three Governors comprising the Chair or Vice Chair of Governors, one Governor from the Resource Management and one Governor from the Teaching, Learning and Student Welfare sub-committee. The pay bands set for the Senior Leadership Team are reviewed based on benchmarking with other schools of a similar size and profile in the locality.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Friends of Knights Templar School is a registered charity, founded to encourage donations from parents, former students and the local community. This is an independent charity which is not controlled by the Academy.

The Parents' Association runs a number of fund raising events during the school year with certain funds raised donated to the school.

The Baldock Forum is an association that enables regular contact with the wider school community.

The Academy has formed a partnership with Emil Dale Academy, a performing arts school to which BTEC studies in Musical Theatre are sub-contracted.

Objectives and Activities

OBJECTS AND AIMS

The Academy aims to develop all students to be successful citizens for the 21st century through the provision of a comprehensive education through a broad and balanced curriculum. Student experience is further enhanced from the wide range of extra-curricular activities on offer.

The Academy also recognises its responsibilities to the wider Baldock community and seeks to engage with all community stakeholders for mutual benefit. The school's facilities are available to the local community with a particular emphasis on sport given the school's excellent sports centre. This includes a modern sports hall, gymnasium and floodlit 3G Astro turf facility.

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

OBJECTIVES, STRATEGIES AND ACTIVITIES

Our core purpose is to nurture all of our students as uniquely talented individuals and principled global citizens, maximising their academic outcomes, their personal development and their capacity to be independent autonomous learners. It is our responsibility to ensure they leave school respectful, happy, well-rounded individuals who are a credit to themselves and their community.

Learning, Teaching and Outcomes

- To improve the quality of teaching where 0% of staff require improvement in differentiation, personalised learning and marking/ feedback for 2016-2017.
- To achieve a minimum 75% hit rate for the whole school and within subjects at KS3 and KS5. Use hit rates in KS4 as a driver towards achieving a Progress 8 measure of at least + 0.2 for the whole school and within subject areas.
- To achieve more consistent hit rates for different ability cohorts at both KS4 and KS5. Hit rates for below average ability students, average ability students and above average ability students should not fall below 5% of the whole school and individual subject hit rate. At KS4 all ability cohorts should achieve a positive Progress 8 score.
- To raise the hit rates within subjects at KS3 and KS5 for disadvantaged students and to be within 10% of the hit rate for non-disadvantaged students. Aim to achieve a positive Progress 8 measure for disadvantaged students at KS4.
- To ensure consistently high quality homework is set and to further embed effective subject monitoring of homework.
- To be more consistent at giving high quality student feedback and further embed dedicated improvement and reflection time into lesson planning.
- To develop a consistent approach to student voice which reflects and informs learning.

Provision, Behaviour and Safety

- Continue to build on existing good practice in the areas of British Values & Spiritual, Moral, Social and Cultural development so that our students are confident in their discussion and understanding of local and global issues.
- Develop a more consistent approach to foster positive behaviour of learning.
- To ensure Pupil Premium funding impacts on attitudes and outcomes for individual disadvantaged students.

Leadership and Management

- To personalise CPD pathways for all staff enabling access to high quality training and support.
- Ensure leaders at all levels are focussed on key school priorities and are trained to: judge the quality of teaching and learning accurately; be accountable for the performance of their areas of responsibility.
- Redesign curriculum and management structure (including TLR's and SLT) following financial review and benchmarking exercise to enable the school to manage its budget during times of reduced funding and increased expenditure.
- Monitor, review and implement strategies to manage staff workload and staff morale in light of the continued changes: in education, to curriculum and assessment and budget constraints.
- Ensure the financial sustainability of the school in the light of continued funding reductions.
- To implement and embed a system of student target setting giving ownership to the students.

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

PUBLIC BENEFIT

The Governors have considered their obligation with regard to demonstrating identifiable benefits to a section of the public which in its case, would be to the students, parents and wider community of The Knights Templar School. By so doing the Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The Governors consider that provision of this benefit is clearly evidenced by the school's good performance and reputation, measured by:

- its demonstrable success in student attainment through examination results that are consistently above national averages.
- its reputation, noted by OFSTED, in contributing to outstanding student behaviour.
- its strong community links.

The Academy is a non-selective school. Admissions are based on a priority ranking system which adheres to the School Admissions Code.

STRATEGIC REPORT

Achievements and performance

KEY FINANCIAL PERFORMANCE INDICATORS

Please see section below for our Financial Review.

REVIEW OF ACTIVITIES

Key Stage 4 Results

Our 2015/16 Year 11 students performed well in their summer GCSE examinations.

Just under half of Year 11 students achieved 1 or more A* or A grades with 23% of students achieving 5A*/A grades (2015 19%). As well as the students who achieved top grades, many other students exceeded our expectations achieving grades well above their targets.

Our Year 11 cohort for 2015/16 had a Progress 8 measure of +0.16, indicating that students have made above average progress from Key Stage 2 to the end of Year 11 (a value of 0.00 indicates average progress is made).

Key Stage 5 Results (A Level qualifications at the end of year 13)

Our sixth form students have received an extraordinary set of A level results this year; reflecting their commitment and aspiration to achieve the highest grades.

Just under half of all students (45%) achieved 1 or more A* or A grades, with an average grade of B overall.

- 33% of A2 grades achieved were A* or A. (2015 25%)
- 62% of A2 grades achieved were grade B or higher. (2015 51%)
- 86% of A2 grades achieved were grade C or higher. (2015 79%)
- 98% of A2 grades achieved were grade 'E' pass or above. (2015 100%)
- 99% of our students achieved 1 or more Key Stage 5 qualification at grade A*-E.
- 98% of our students achieved 2 or more Key Stage 5 qualifications at grades A*-E.
- 83% of our students achieved 3 or more Key Stage 5 qualifications at grades A*-E.

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

GOING CONCERN

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust 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 Statement of Accounting Policies.

Financial review

REVIEW OF PERIOD

The Academy's main source of income for the period was the General Annual Grant, received from the Department for Education, a total of £6,114k which includes £124k Education Services Grant income. Other income received from the DfE included £211k of Pupil Premium and £19k of Year 7 catch up grant.

The 16-19 Bursary Funding has been treated as an agency arrangement in the financial statements for the year ended 31 August 2016. A balance of £22,358 is included in creditors in the Balance Sheet.

A further £288k was received by the Academy in payment for food and beverages from the school canteen which is paid to Herts Catering as part of arrangements between the school and its contract caterer. Some £87k of Music Department income was received from students for music lessons. This is used to fund the related tuition costs. It is included in the special educational projects income.

GAG funding was the core funding element to the provision of education services for the year.

Capital funding amounted to a total of £2,373k in the year. Of this, £2,227k was in respect of the Condition Improvement Fund income for the building of the new science block which was completed in the year.

Cash at bank and in hand of £1,136k, adjusted for short term debtors and creditors, amounted to net funds of £584k at the balance sheet date. This is predominantly represented by the carry forward funds in both restricted and unrestricted reserves.

During the financial year, a new residential property was built on the school site for the purpose of housing the school's Site Manager at a cost of £213k. The Site Manager occupies the property under a service occupancy agreement linked to his contract of employment. This project will be funded from the sale of the property previously occupied by the Site Manager, for which permission was granted by the Department of Education and Hertfordshire County Council as freeholder of the school site. The sale is due for completion by the end of December 2016 and net sales proceeds of £480k are expected.

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

RESERVES POLICY

The levels of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. This applies particularly to funds earmarked for future capital projects. The level of reserves will be kept under review by the Governors.

Reserves at the end of the period to 31 August 2016 were £24,033k comprising £490k of restricted general funds, £109k of unrestricted general funds, £25,649k of restricted fixed asset funds and a pension deficit of £2,215k.

The deficit on the pension reserve relates to the non-teaching staff pension scheme (Local Government Pension Scheme) where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 22. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors, and represent 1/6th of one month's worth of Academy expenditure. The aim of the Governors is to increase this reserve to meet future working capital requirements.

INVESTMENT POLICY

The Academy does not invest its surplus balances and keeps all funds within a single current account. A formal investment policy is being considered by the Governing Body.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Academy are:

- Reputational risk – mitigated by:
 - strong demand for places at the school from catchment area and beyond.
 - consistently strong examination results that are well above national averages.
 - strong community links as the only secondary school in Baldock.
 - experienced and professional staff, all trained in safeguarding of children.
 - "Good" OFSTED judgement from October 2012.
 - a stable Governing Body and Senior Leadership Team with established track record.
- Performance / Operational risk, inclusive of issues arising from poor quality premises (e.g. overcrowding)
- Risks from failing infrastructure and accommodation (e.g. leaking roofs, faulty boilers etc.) – mitigated by:
 - the development of a Business Continuity Plan.
 - tried and tested policies and procedures in place that are regularly reviewed.
 - adequate insurance cover in place.
- Financial Risk: The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unfunded increases in teaching or support staff costs, or unfunded major capital repairs. The risks presented here are mitigated by:
 - Strong demand for school places at Key Stage 4 and marketing efforts under way to improve Key Stage 5 uptake.
 - Curriculum review will address reduction in central government funding and reserves will cushion the immediate impact of these cuts.
 - Contingency funding in place for costs of teaching staff absences.
 - Unbudgeted major capital repairs could be funded by the Academies Condition Improvement Fund or emergency support requested from EFA.
- Risks associated with personnel – mitigated by:
 - Strong track record for quality staff recruitment given school's good reputation.
 - Recruitment process is rigorous to ensure best available staff are recruited.
 - Performance management and HR systems in place to monitor staff and ensure best possible performance output from all staff.

The Academy practices through its Board, namely the Governing Body and the constituted sub-committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

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

Plans for future periods

FUTURE DEVELOPMENTS

Future plans are to focus on reviewing the current curriculum in the face of declining revenues from government cuts and redeveloping the school's premises by bidding for funding from the Condition Improvement Fund and through support from the Local Authority.

FUNDS HELD AS CUSTODIAN

No such funds are held by The Knights Templar School.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditor at a meeting of the Governors.

This report was approved by order of the Governing Body as the company directors, on 7/12/16 and signed on its behalf by:


.....
Mrs Susan Welch
Chair of Governors

THE KNIGHTS TEMPLAR SCHOOL
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Miss Sarah Barker	6	6
Mr Michael Boxall	2	6
Mr Ian Burrows	3	6
Mr Alan Church	6	6
Mrs Christine Gough	6	6
Mr Graham Kingsley	6	6
Dr Maria Lukianowicz	6	6
Mrs Julie Mutter	0	1
Mr Richard Picking	4	6
Mrs Pauline Poole	6	6
Mr John Swift	6	6
Mr Duncan Wardrop	5	6
Mrs Susan Welch	6	6
Mr Timothy Litchfield	6	6
Mrs Jackie Spinks	6	6
Mrs Karen Cowell	6	6
Mrs Catherine Connolly	5	6
Mrs Nicky Bull	5	6
Mr Andrew Allman	5	6
Miss Lucy Ward	3	6
Mrs Beth Morris	5	5
Mrs Michelle Dudderidge	4	5

The meetings of the Governing Body were also attended by Paul Barnett, an associate member.

Governance review:

A governors' self-evaluation will be taking place in the Autumn Term 2016 and will be a discussion topic at a meeting of the full Governing Body.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016 (continued)

The **Finance and Strategy Committee** is a sub-committee of the main Governing Body. Its purpose is to discuss key issues with regard to finance and the general Academy.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Ian Burrows	5	6
Mr Alan Church	5	6
Mr Graham Kingsley	6	6
Dr Maria Lukianowicz	3	6
Mr Timothy Litchfield	6	6
Mr Richard Picking	4	6
Mr John Swift	6	6
Mrs Susan Welch	6	6

The **Resources Committee** is also a sub-committee of the main Governing Body. Its purpose is to ensure that the Academy is legally compliant with all aspects of Health & Safety legislation and that it achieves high standards of Health & Safety across all its operations.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Alan Church	6	6
Mr Graham Kingsley	1	1
Mr Timothy Litchfield	3	6
Mrs Christine Gough	6	6
Mr John Swift	6	6
Mr Duncan Wardrop	5	6
Mrs Jackie Spinks	5	6

The **Teaching, Learning and Student Welfare Committee** is a sub-committee of the main Governing Body. Its purpose is to ensure that teaching and learning standards are maintained to the highest possible level and addresses issues of general student wellbeing.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Susan Welch	6	6
Mrs Nicky Bull	6	6
Mrs Catherine Connolly	4	6
Mrs Karen Cowell	4	6
Miss Sarah Barker	4	5
Mr Richard Picking	1	6
Mr Timothy Litchfield	4	6
Mr Andrew Allman	3	5
Mrs Beth Morris	4	4

The Teaching, Learning and Student Welfare Committee meetings are also attended by Paul Clayton, Assistant Headteacher and Paul Barnett, an associate member.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016 (continued)

The **Curriculum, Assessment and Achievement Committee** is a sub-committee of the main Governing Body. Its purpose is to ensure the Academy is meeting its statutory obligations with regard to curriculum offering and to monitor pupil performance against targets to ensure the effectiveness and appropriateness of teaching and learning related policies and procedures.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Dr Maria Lukianowicz	4	6
Mrs Julie Mutter	1	1
Mr Michael Boxall	4	6
Mrs Pauline Poole	4	6
Mr Ian Burrows	4	4
Mr Timothy Litchfield	4	6
Miss Sarah Barker	1	1
Mr Graham Kingsley	3	5
Mrs Nicky Bull	5	6
Miss Lucy Ward	5	5
Mrs Michelle Dudderidge	2	2

The Curriculum, Assessment and Achievement Committee meetings are also attended by Lorenzo Farina, an Assistant Headteacher.

REVIEW OF VALUE FOR MONEY

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

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

- ensuring the school's financial procedures are closely adhered to, including the requirement to tender for goods and services as appropriate.
- conducting a curriculum efficiency review to ensure staffing costs are aligned to meet the teaching and learning priorities of the school
- ensuring rigorous financial monitoring using monthly management accounts.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Knights Templar School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

THE KNIGHTS TEMPLAR SCHOOL
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016 (continued)

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 Strategy Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016 (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the 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 and Strategy Committee and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 7/12/16 and signed on their behalf, by:


.....
Mrs Susan Welch
Chair of Governors


.....
Mr Timothy Litchfield
Accounting Officer

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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


.....
Mr Timothy Litchfield
Accounting Officer

Date: 07/12/16.....

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

The Governors (who are the Trustees of The Knights Templar School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 7/12/16 and signed on its behalf by:


.....
Mrs Susan Welch
Chair of Governors

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE KNIGHTS TEMPLAR SCHOOL

We have audited the financial statements of The Knights Templar School for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Statement of Governors' Responsibilities, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE KNIGHTS TEMPLAR SCHOOL

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

MHA MacIntyre Hudson

Atul Kariya FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditor

Equipoise House

Grove Place

Bedford

MK40 3LE

Date: *14 December 2016*

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 21 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Knights Templar School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Knights Templar School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Knights Templar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Knights Templar School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE KNIGHTS TEMPLAR SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Knights Templar School's funding agreement with the Secretary of State for Education dated 31 March 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson
Chartered Accountants

Equipoise House
Grove Place
Bedford
MK40 3LE

Date: *14 December 2016*

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	5,655	-	2,372,821	2,378,476	601,426
Charitable activities:	3					
Educational operations		-	7,202,350	-	7,202,350	7,351,708
Other trading activities	4	73,579	85,403	-	158,982	162,481
Investments	5	11,144	-	-	11,144	8,546
TOTAL INCOME		90,378	7,287,753	2,372,821	9,750,952	8,124,161
EXPENDITURE ON:						
Raising funds		-	23,384	-	23,384	43,079
Educational operations		61,945	7,443,472	532,988	8,038,405	8,059,577
Other expenditure	8	-	218	-	218	4,362
TOTAL EXPENDITURE	6	61,945	7,467,074	532,988	8,062,007	8,107,018
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	28,433 (150,000)	(179,321) (170,361)	1,839,833 320,361	1,688,945 -	17,143 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(121,567)	(349,682)	2,160,194	1,688,945	17,143
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(962,000)	-	(962,000)	73,000
NET MOVEMENT IN FUNDS		(121,567)	(1,311,682)	2,160,194	726,945	90,143
RECONCILIATION OF FUNDS:						
Total funds brought forward		230,085	(413,455)	23,489,463	23,306,093	23,215,950
TOTAL FUNDS CARRIED FORWARD		108,518	(1,725,137)	25,649,657	24,033,038	23,306,093

The notes on pages 26 to 48 form part of these financial statements.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07552786

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		25,664,461		23,020,450
CURRENT ASSETS					
Debtors	15	462,590		167,719	
Cash at bank and in hand		1,135,543		1,751,961	
		<u>1,598,133</u>		<u>1,919,680</u>	
CREDITORS: amounts falling due within one year	16	(1,014,556)		(455,037)	
NET CURRENT ASSETS			<u>583,577</u>		<u>1,464,643</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,248,038</u>		<u>24,485,093</u>
Defined benefit pension scheme liability	21		(2,215,000)		(1,179,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>24,033,038</u>		<u>23,306,093</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	489,863		765,545	
Restricted fixed asset funds	17	25,649,657		23,489,463	
Restricted income funds excluding pension liability		<u>26,139,520</u>		<u>24,255,008</u>	
Pension reserve		(2,215,000)		(1,179,000)	
Total restricted income funds			<u>23,924,520</u>		<u>23,076,008</u>
Unrestricted income funds	17		108,518		230,085
TOTAL FUNDS			<u>24,033,038</u>		<u>23,306,093</u>

The financial statements were approved by the Governors, and authorised for issue, on 7/12/16 and are signed on their behalf, by:


Mrs Susan Welch
Chair of Governors

The notes on pages 26 to 48 form part of these financial statements.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>176,617</u>	<u>218,538</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		11,144	8,546
Purchase of tangible fixed assets		(3,177,000)	(191,964)
Capital grants from DfE/EFA		2,269,149	584,179
Capital funding received from sponsors and others		<u>103,672</u>	<u>9,600</u>
Net cash (used in)/provided by investing activities		<u>(793,035)</u>	<u>410,361</u>
Change in cash and cash equivalents in the year		(616,418)	628,899
Cash and cash equivalents brought forward		<u>1,751,961</u>	<u>1,123,062</u>
Cash and cash equivalents carried forward	20	<u><u>1,135,543</u></u>	<u><u>1,751,961</u></u>

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

1. ACCOUNTING POLICIES

The financial statements of The Knights Templar School have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a company limited by guarantee and public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ("FRS 102"), the 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)' ("SORP 2015"), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in GBP, the functional currency, rounded to the nearest £1.

First time adoption of FRS 102

These financial statements are the first financial statements of the Academy prepared in accordance with FRS 102 and the SORP 2015. The financial statements of the Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ("UK GAAP") and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities Incorporating Income and Expenditure Account when the Academy has entitlement to the funds, probability of receipt and the amount can be measured with sufficient reliability.

Grants Receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis where there are no performance related conditions, where the receipt is probable and the amount can be reliably measured.

Other Income

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

Donated Services and Gifts in Kind

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 Incorporating Income and Expenditure Account, 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.

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

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred in the Academy's educational operations.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Long-term leasehold property	-	0.8% - 2% per annum on a straight line basis
Motor vehicles	-	25% per annum on a straight line basis
Computer equipment	-	33.3% per annum on a straight line basis
Leasehold improvements and equipment	-	25% per annum on a straight line basis

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

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.7 Interest receivable

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

1.8 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.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

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

1.11 Liabilities and provisions

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

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses in the Statement of Financial Activities.

1.13 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 with restrictions imposed by the funder and include grants from the Education Funding Agency, Department for Education or other funders.

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

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

1. ACCOUNTING POLICIES (continued)

1.14 Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid as well as any balances still held are disclosed in note 25.

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The judgements that have had a significant effect on amounts recognised in the Financial Statements are those concerning the choice of depreciation policies and asset lives.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	5,655	-	103,672	109,327	7,647
Capital grants	-	-	2,269,149	2,269,149	593,779
	<u>5,655</u>	<u>-</u>	<u>2,372,821</u>	<u>2,378,476</u>	<u>601,426</u>

In 2015, of the total income from donations and capital grants, £7,647 was to unrestricted funds and £593,779 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	6,113,780	6,113,780	6,354,579
Pupil Premium	-	210,634	210,634	209,533
Other EFA / DfE grants	-	19,670	19,670	12,789
	<u>-</u>	<u>6,344,084</u>	<u>6,344,084</u>	<u>6,576,901</u>
Other government grants				
Special educational projects	-	194,735	194,735	194,642
Other grants and funding	-	66,426	66,426	53,143
	<u>-</u>	<u>261,161</u>	<u>261,161</u>	<u>247,785</u>
Other funding				
Trip income	-	309,379	309,379	278,203
School meals income	-	287,726	287,726	248,819
	<u>-</u>	<u>597,105</u>	<u>597,105</u>	<u>527,022</u>
	<u>-</u>	<u>7,202,350</u>	<u>7,202,350</u>	<u>7,351,708</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £7,351,708 was to restricted funds.

There are no unfulfilled conditions or other contingencies attached to the government grants above.

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rental income	9,792	-	9,792	8,913
School shop	-	4,588	4,588	5,817
Fundraising events	-	36,542	36,542	43,037
Other facilities income	63,787	-	63,787	64,028
Other income	-	44,273	44,273	40,686
	<u>73,579</u>	<u>85,403</u>	<u>158,982</u>	<u>162,481</u>

In 2015, of the total income from other trading activities, £72,941 was to unrestricted funds and £89,540 was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	11,144	-	11,144	8,546

In 2015, of the total investment income, £8,546 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	23,384	23,384	43,079
Educational operations:					
Direct costs	4,832,290	-	822,502	5,654,792	5,600,712
Support costs	706,224	532,513	1,144,876	2,383,613	2,458,865
	<u>5,538,514</u>	<u>532,513</u>	<u>1,990,762</u>	<u>8,061,789</u>	<u>8,102,656</u>

In 2016, of the total expenditure, £61,945 (2015 - £68,900) was to unrestricted funds and £7,999,844 (2015 - £8,033,756) was to restricted funds.

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7. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,866,419	3,917,820
National insurance	296,764	286,438
Pension cost	669,107	610,082
Educational supplies	248,701	258,284
Examination fees	126,984	106,820
Staff development	32,609	27,435
School trip expenditure	291,494	268,695
Music services	77,221	82,531
Other professional fees	45,493	42,607
	<u>5,654,792</u>	<u>5,600,712</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	543,801	543,706
National insurance	34,508	30,203
Pension cost	127,915	126,814
Depreciation	532,513	603,132
Defined benefit pension scheme - net finance cost	46,000	44,000
Other professional fees	12,672	27,318
Maintenance of premises and equipment	319,266	353,997
Cleaning	92,751	89,752
Water and rates	47,135	33,142
Light and heat	130,477	133,467
Insurance	31,450	44,552
Catering	340,342	309,886
Security and transport	27,074	26,052
Other costs	78,680	79,407
Bank charges	153	121
Governance costs	18,876	13,316
	<u>2,383,613</u>	<u>2,458,865</u>
Total Academy's educational operations	<u><u>8,038,405</u></u>	<u><u>8,059,577</u></u>

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8. OTHER EXPENDITURE

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
School shop and fundraising costs	-	218	218	4,362

In 2015, of the total other expenditure, £4,362 was to unrestricted funds and £NIL was to restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	532,514	603,132
Auditor's remuneration - audit	6,500	6,500
Auditor's remuneration - other services	8,716	6,910
Operating lease rentals	7,297	7,904
Loss on disposal of fixed assets	475	2,002

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10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,357,337	4,445,015
Social security costs	331,272	316,642
Operating costs of defined benefit pension schemes	797,022	736,897
	<u>5,485,631</u>	<u>5,498,554</u>
Supply teacher costs	13,628	16,511
Agency supply costs	39,255	-
	<u>5,538,514</u>	<u>5,515,065</u>

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

	2016 No.	2015 No.
Teachers	85	146
Administration and support	70	24
Senior Leadership Team	7	7
	<u>162</u>	<u>177</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	75	79
Administration and support	49	52
Senior Leadership team	7	7
	<u>131</u>	<u>138</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The Key Management Personnel of the Academy comprise the trustees and the Senior Leadership team as listed on page 1. The total amount of employee benefits (including employer's pension contributions) received by Key Management Personnel for their services to the Academy was £546,762 (2015: £557,778)

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

11. GOVERNORS' REMUNERATION AND EXPENSES

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

Mr Timothy Litchfield (Headteacher):

Remuneration	£80,000 - £85,000 (2015: £75,000 - £80,000)
Employer's pension contributions	£10,000 - £15,000 (2015: £10,000 - £15,000)

Miss Sarah Barker (Deputy Headteacher):

Remuneration	£65,000 - £70,000 (2015: £60,000 - £65,000)
Employer's pension contributions	£10,000 - £15,000 (2015: £5,000 - £10,000)

Mr Ian Burrows (Deputy Headteacher):

Remuneration	£40,000 - £45,000 (2015: £65,000 - £70,000)
Employer's pension contributions	£nil (2015: £5,000 - £10,000)

Mr John Swift (School Business Manager / Finance Director):

Remuneration	£65,000 - £70,000 (2015: £60,000 - £65,000)
Employer's pension contributions	£15,000 - £20,000 (2015: £10,000 - £15,000)

Mrs Karen Cowell (Staff Governor):

Remuneration	£25,000 - £30,000 (2015: £25,000 - £30,000)
Employer's pension contributions	£5,000 - £10,000 (2015: £5,000 - £10,000)

Miss Lisa Landreth (Staff Governor to August 2015):

Remuneration	£0 - £5,000 (2015: £45,000 - £50,000)
Employer's pension contributions	£0 - £5,000 (2015: £5,000 - £10,000)

Mr Andrew Allman (Staff Governor from September 2015):

Remuneration	£40,000 - £45,000 (2015: not applicable)
Employer's pension contributions	£5,000 - £10,000 (2015: not applicable)

Miss Lucy Ward (Staff Governor from October 2015):

Remuneration	£40,000 - £45,000 (2015: not applicable)
Employer's pension contributions	£5,000 - £10,000 (2015: not applicable)

During the year, expenses paid on behalf of the Academy totalling £28 (2015: £NIL) were reimbursed to one Governor (2015: nil).

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NOTES TO THE FINANCIAL STATEMENTS
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12. 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 governors' liability cover up to £10,000,000 on any one loss and any one membership year. The cost of this insurance for the year ended 31 August 2016 is not separately identified but is included within the total insurance cost of £31,450 paid under the Department for Education's Risk Protection Arrangement, (RPA). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise are covered by government funds. In the year ended 31 August 2015 the cost of this insurance was also included within the total insurance cost.

13. OTHER FINANCE INCOME

	2016	2015
	£	£
Interest income on pension scheme assets	92,000	75,000
Interest on pension scheme liabilities	(138,000)	(119,000)
	(46,000)	(44,000)

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

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Computer equipment £	Leasehold improve- ments and equipment £	Total £
Cost					
At 1 September 2015	24,128,978	47,817	493,410	638,936	25,309,141
Additions	3,050,585	6,595	48,304	71,516	3,177,000
Disposals	-	(4,500)	(1,275)	(12,508)	(18,283)
At 31 August 2016	27,179,563	49,912	540,439	697,944	28,467,858
Depreciation					
At 1 September 2015	1,422,712	28,385	338,916	498,678	2,288,691
Charge for the year	337,581	11,104	96,960	86,869	532,514
On disposals	-	(4,501)	(885)	(12,422)	(17,808)
At 31 August 2016	1,760,293	34,988	434,991	573,125	2,803,397
Net book value					
At 31 August 2016	25,419,270	14,924	105,448	124,819	25,664,461
At 31 August 2015	22,706,266	19,432	154,494	140,258	23,020,450

The leasehold property is held under a 125 year lease from Hertfordshire County Council ending 31 March 2136. No rent is payable under the terms of the lease.

The additions in the year to long-term leasehold property predominantly include the building costs of the new science block which was completed in the year as an improvement to the existing property.

15. DEBTORS

	2016 £	2015 £
Trade debtors	90	82
VAT repayable	198,984	47,224
Other debtors	39,431	43,542
Prepayments and accrued income	224,085	76,871
	462,590	167,719

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16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	523,685	19,549
Other taxation and social security (see below)	102,675	95,200
Other creditors	201,452	115,318
Accruals and deferred income	186,744	224,970
	<u>1,014,556</u>	<u>455,037</u>

Other taxation and social security

	2016 £	2015 £
PAYE/NI control	102,675	95,200

	2016 £	2015 £
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Deferred income

Deferred income at 1 September 2015	171,628	167,326
Resources deferred during the year	124,319	171,628
Amounts released from previous years	(171,628)	(167,326)
Deferred income at 31 August 2016	<u>124,319</u>	<u>171,628</u>

At the balance sheet date, the Academy was holding funds received in advance for the following purposes:

	2016 £	2015 £
School trips	33,197	52,950
Grants & EFA bursary	15,928	13,412
North Hertfordshire School Sports Partnership	46,313	72,111
School fund balances	11,745	14,911
Other 2016/17 amounts	17,136	18,244

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General unrestricted funds	230,085	90,378	(61,945)	(150,000)	-	108,518
Restricted funds						
General Annual Grant (GAG)	393,039	6,113,780	(6,280,878)	(170,361)	-	55,580
Other restricted funds	372,506	1,173,973	(1,112,196)	-	-	434,283
Pension reserve	(1,179,000)	-	(74,000)	-	(962,000)	(2,215,000)
	<u>(413,455)</u>	<u>7,287,753</u>	<u>(7,467,074)</u>	<u>(170,361)</u>	<u>(962,000)</u>	<u>(1,725,137)</u>
Restricted fixed asset funds						
Capital grants and income	23,489,463	2,372,821	(532,988)	320,361	-	25,649,657
Total restricted funds	<u>23,076,008</u>	<u>9,660,574</u>	<u>(8,000,062)</u>	<u>150,000</u>	<u>(962,000)</u>	<u>23,924,520</u>
Total of funds	<u><u>23,306,093</u></u>	<u><u>9,750,952</u></u>	<u><u>(8,062,007)</u></u>	<u><u>-</u></u>	<u><u>(962,000)</u></u>	<u><u>24,033,038</u></u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Following a deed of variation to the original funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, catering, music services, consortium activities for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. The fund is in deficit but given the nature of the liability this is not payable immediately.

The transfer between the restricted General Annual Grant fund, unrestricted funds and restricted fixed asset funds includes £70,361 in respect of amounts capitalised during the period. £250,000 was transferred to assist the funding of other capital projects. A total of £198,290 is included in the restricted fixed asset fund in respect of monies received and not spent or allocated to fixed assets as at 31 August 2016. £213,096 has been incurred using unrestricted funds on the capitalisation of the new caretaker's property. Net sale proceeds are expected to be received into the restricted fixed asset fund to cover these costs in December 2016.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Hertfordshire local authority following the transfer of the land and buildings.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	25,664,461	25,664,461	23,020,450
Current assets	107,175	1,292,666	198,292	1,598,133	1,919,680
Creditors due within one year	1,343	(802,803)	(213,096)	(1,014,556)	(455,037)
Pension Scheme liability	-	(2,215,000)	-	(2,215,000)	(1,179,000)
	<u>108,518</u>	<u>(1,725,137)</u>	<u>25,649,657</u>	<u>24,033,038</u>	<u>23,306,093</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	1,688,945	17,143
Adjustment for:		
Depreciation charges	532,514	603,132
Interest from investments	(11,144)	(8,546)
Loss on the sale of fixed assets	475	2,002
(Increase)/decrease in debtors	(294,871)	56,241
Increase in creditors	559,519	62,345
Capital grants from DfE and other capital income	(2,372,821)	(593,779)
Defined benefit pension scheme cost less contributions payable	28,000	36,000
Defined benefit pension scheme finance cost	46,000	44,000
Net cash provided by operating activities	<u>176,617</u>	<u>218,538</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	1,135,543	1,751,961
Total	<u>1,135,543</u>	<u>1,751,961</u>

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21. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (previously 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £506,000 (2015 - £442,000).

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21. PENSION COMMITMENTS (continued)

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £327,000 (2015 - £321,000), of which employer's contributions totalled £263,000 (2015 - £259,000) and employees' contributions totalled £64,000 (2015 - £62,000). The agreed contribution rates for future years are 25.3% for employers and between 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

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

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

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

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,870,000	1,410,000
Debt instruments	831,000	614,000
Property	208,000	159,000
Cash	59,000	91,000
Total market value of assets	<u>2,968,000</u>	<u>2,274,000</u>

The actual return on scheme assets was £383,000 (2015 - £95,000).

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(291,000)	(295,000)
Net interest cost	(46,000)	(44,000)
Total	<u>(337,000)</u>	<u>(339,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,453,000	3,045,000
Current service cost	291,000	295,000
Interest cost	138,000	119,000
Contributions by employees	64,000	62,000
Actuarial losses/(gains)	1,253,000	(53,000)
Benefits paid	(16,000)	(15,000)
Closing defined benefit obligation	<u>5,183,000</u>	<u>3,453,000</u>

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21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	2,274,000	1,873,000
Interest income	92,000	75,000
Actuarial gains and (losses)	291,000	20,000
Contributions by employer	263,000	259,000
Contributions by employees	64,000	62,000
Benefits paid	(16,000)	(15,000)
	<u>2,968,000</u>	<u>2,274,000</u>
Closing fair value of scheme assets	<u>2,968,000</u>	<u>2,274,000</u>

The amounts recognised in the Balance Sheet are as follows:

	2016 £	2015 £
Closing defined benefit obligation	(5,183,000)	(3,453,000)
Closing fair value of scheme assets	2,968,000	2,274,000
	<u>(2,215,000)</u>	<u>(1,179,000)</u>
Net defined benefit pension scheme liability	<u>(2,215,000)</u>	<u>(1,179,000)</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	7,297	7,297
Between 1 and 5 years	20,226	28,054
	<u>27,523</u>	<u>35,351</u>
Total	<u>27,523</u>	<u>35,351</u>

All commitments above relate to assets other than land and buildings.

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

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

- The Friends of Knights Templar is a charity in which Timothy Litchfield and John Swift, both Governors of the Academy, are trustees. During the year the Academy received donations from parents association fundraising events amounting to £4,644 through this charity.

No other related party transactions took place in the period of account other than those disclosed above and in note 11.

24. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the year ending 31 August 2016 the Trust received £12,732 and disbursed £15,673 from the fund. The balance of £2,941 has been deducted from the bursary funds brought forward so that an amount of £22,358 is included in other creditors relating to the undistributed funds that are repayable to the EFA.

25. MEMBERS' LIABILITY

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

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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

26. FIRST TIME ADOPTION OF FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

RECONCILIATION OF TOTAL FUNDS	1 September 2014	31 August 2015
	£	£
Total funds under previous UK GAAP	23,215,950	23,306,093
Total funds reported under FRS 102	<u>23,215,950</u>	<u>23,306,093</u>

Transition to FRS 102 has had no effect upon the reported value of total funds.

Reconciliation of net income	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		52,143
Restatement of pension scheme net interest	*	(35,000)
Net movement in funds reported under FRS 102		<u>17,143</u>

* The calculation basis for actuarial gains and losses on a defined benefit pension scheme has changed under FRS 102. This has resulted in a £35,000 decrease in the return on assets recognised in the net income for the year shown on the Statement of Financial Activities. A corresponding decrease of £35,000 in the actuarial loss has also been recognised, thus leaving the net movement in funds for the year and the total funds at 31 August 2015 unchanged from that previously reported.