

Company Registration Number: 07475515 (England and Wales)

READING SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

READING SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Governors

A Bose *
S Bowen
E Bradley * (resigned 31 August 2018)
J Chhokar +
R Childs (resigned 30 November 2017)
M N J Faulkner
D R Fisher
T Follen* (appointed 1 December 2017)
K Holland* (appointed 1 December 2017)
R P Huggins MBE §
D A Jubb (resigned 31 August 2018)
A K Kay (resigned 31 August 2018)
R J Kenwick
J Matthews + (appointed 1 September 2017)
S Nortcliff (resigned 31 August 2018)
M L Parsons §
B Reynaert
A M Robson #
K Ross MBE
D Smith
M Stock * (resigned 30 November 2017)

§ Governor appointed by the Reading Foundation; * Elected parent governor; + Elected staff governor; # Headmaster and ex officio governor.

Company registered number

07475515

Company name

Reading School

Principal and registered office

Erleigh Road, Reading, Berkshire, RG1 5LW

Senior management team

A M Robson, Headmaster
C Evans, Deputy Headmaster
J Capon, Assistant Headteacher
C Harden, Assistant Headteacher
A Snow, School Business Manager

Independent auditor

Crowe U.K. LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Bankers

HSBC Bank Plc, Thames Valley Commercial Centre, 100 Brook Drive, Green Park, Reading, Berkshire, RG2 6UJ

Solicitors

Stone King LLP, 13 Queen Square, Bath, Avon, BA1 2HJ

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors and Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

Reading School is currently run as an academically selective secondary day and boarding boys' school, covering a designated area consisting of most of Berkshire and certain adjoining parts of Oxfordshire and Hampshire. It was previously a Foundation School, and converted to Academy status on 1 February 2011. It has 1031 students on its roll as at 1 September 2018 (following an increase in its annual Year 7 intake to 150 from September 2016 onwards), 76 of whom are weekly boarders.

Structure, governance and management

a. Constitution

The charitable objective for which Reading School was established is "to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a School offering a broad and balanced curriculum."

The Charitable Company was incorporated on 21 December 2010 and is governed by the rules and regulations set out in its company Memorandum and Articles of Association dated 21 December 2010. The Charitable Company is known as Reading School.

b. Members' liability

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

c. Governors' indemnities

There are no qualifying third party indemnities which are required to be disclosed under the provisions of the Companies Act 2006.

d. Method of recruitment and appointment or election of Governors

Staff vacancies on the Governing Body are filled by election, the electorate comprising all teaching and associate staff. Dr Jonathan Matthews became a Staff Governor on 1st September 2017, replacing Ms Sophy Rogers.

To ensure a proper representation of parents, four places on the Governing Body are reserved for parent governors. These places are filled by election, following notification of vacancies and invitation of nominations. All parents and carers of students at the School are eligible to stand and the electorate comprises all parents and carers. There were two parent governor vacancies in December 2017, following the ending of the terms of office of Mr Childs and Mrs Stock. Nominations were invited, and Mr Follen and Mr Holland were elected and appointed to fill these vacancies for a 4 year period. (Mr Bradley resigned as a parent governor on 31st August 2018, so that a new parent governor will need to be appointed early in the 2018/19 School year.)

Two places on the Governing Body are reserved for representatives of the Reading Foundation. Mr Rodney Huggins MBE and Dr Martin Parsons were the Foundation's representatives on the Governing Body in 2017/18, having been appointed for the period up to 2019.

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Appointments to the remaining places on the Governing Body are made by the Academy Members. Most new Governors will be drawn from the local community and/or will have shown an interest in the wellbeing of the School and its students. In appointing new Governors, there are also procedures for reviewing the mix of skills that should be available to the Governing Body. Potential new Governors are required to submit a letter of interest and a CV, and are interviewed by the Chair of Governors, the Headmaster and one other Governor, supported by the Clerk, before a recommendation for appointment is presented to a meeting of the Academy Members. Mr Faulkner was re-appointed by the Trust to serve for a further period of four years from March 2018. (Mr Jubb, Mrs Kay and Professor Nortcliff resigned as governors on 31st August 2018, and, at its AGM on 15th October 2018, the Trust decided that they would not be replaced, so that the Governing Body will be reduced to 16 members from the start of 2018/19.)

At the end of their initial term of service, all Governors are eligible for re appointment for a further term (or re election as parent governors if they have a student at the School, or re election as staff governors if they remain eligible).

e. Policies and procedures adopted for the induction and training of Governors

New Governors receive information packs and undertake a tailor made induction programme, including meeting with the Headmaster, a site visit and induction training from the Chair and Clerk and from external agencies. New Governors are given an opportunity to attend all Governing Body Committees as observers, before being appointed to one or two Committees.

Governor training is an important issue for the Governing Body, and is a specific responsibility of one of its Committees (the External Relations and Pastoral Care Committee). This Committee, along with a member of the Governing Body (Mrs A Kay), was responsible for monitoring the extent and appropriateness of training offered to governors in 2017/18. A record of the training undertaken by all governors is kept by the Clerk. Inevitably, the budget available for training is limited, and one way of addressing this is to maximise in house training sessions for governors. In 2017/18, there were in house sessions on finance and on handling reviews of student exclusions.

The Chair, Vice Chair, other members of the Governing Body and the Clerk attend regular briefings on governance and educational matters provided by Reading Borough Council and the Reading Governors Association.

The Governing Body also seeks to maximise the use of on line training and subscribes to the National Governance Association, Modern Governor and The Link, which offer a range of on line briefings and training courses for governors.

f. Organisational structure

The Academy Trust Members and the Directors/Governors have responsibility for setting and monitoring the overall strategic direction of the Charitable Company and the School, including approving decisions reserved to Governors and the appointment of key members of staff.

The Academy Trust meets at least annually, at its AGM in October, and as required during the year. The Governing Body meets five times each year, including an Annual General meeting (which takes place in July, and appoints the Chair, Vice Chair, Committees etc for the school year which starts the following September.)

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GOVERNORS' REPORT (continued)
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Governor committees have also been established to consider detailed matters. In 2017/18, there were four main committees, each of which met four or five times in the course of the year:

- Curriculum and Standards
- External Relations and Pastoral Care
- Finance
- Property and Projects

Additionally, a Staff Pay and Performance Committee has been established to consider personnel matters, and met twice in the course of the 2017/18.

There are also Governors' committees established to hear and adjudicate complaints from parents (and others) and appeals against disciplinary decisions (relating to staff and students). The latter met on three occasions in 2017/18 to review decisions to exclude pupils.

An Admissions Committee is responsible for considering and recommending the school's Admissions Policies and related matters. This Committee met on three occasions in 2017/18 (one of these was conducted via e-mail).

A committee of Governors with the participation of an external advisor undertakes the annual performance review of the Headmaster and monitors his performance and achievements against targets. This Committee met on three occasions in 2017/18.

Ad hoc groups of Governors are also established as and when required to consider specific issues and make recommendations to the Governing Body. In 2017/18, a Working Party looked at the issue of whether, in the interests of transparency and good governance, there should be a greater separation between the Members of the Trust and the Directors/ Governors of Reading School, with the appointment of members of the Trust who are not also trustees/governors. It concluded that there was no reason to seek to change the current governance structures at the present time, but that, instead, efforts should be directed towards governor development, aimed at improving performance, engagement and effectiveness.

The majority of the decisions reserved to the Governors (including all major expenditure decisions) are taken by the Governing Body as a whole, often on the recommendation of a committee, but committees have delegated powers to deal with certain matters (for example, the approval of policies relevant to their remit).

Decisions at meetings of the full Governing Body are taken in consideration of reports and recommendations from Governors' committees, the Headmaster, the Business Manager and other staff members. In addition to the Headmaster and Deputy Headmaster, members of staff attend committee meetings to present reports in their areas of responsibility, for example property maintenance and special educational needs.

The Chair of Governors and the Headmaster meet regularly to monitor decision implementation and to review matters affecting staff and students and other issues affecting the School.

Individual Governors (known as link governors) are allocated to academic subjects within the School, and visit departments, sit in on classes and report back to the relevant Committees on the outcomes of their visit. Other link governors assume responsibility in particular areas of School life, for example health and safety, pupil premium, safeguarding, the Prevent strategy, careers, special educational needs, information technology, the CCF, facilities management, sporting activities, boarding etc.. The link governor system has paid dividends in terms of governor understanding, overall performance and enhanced staff/governor relationships. The Headmaster is the Accounting Officer and works closely with both the other Governors and the senior staff of Reading School.

The day to day management of Reading School rests with the Headmaster who has overall responsibility for the School. The Headmaster is responsible for establishing a leadership team, which in 2017/18 comprised the Business Manager, the Deputy Headmaster and the two Assistant Headteachers.

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All aspects of the management of the School and the conduct of the Governing Body are based on openness, accessibility and accountability. Governors are encouraged to participate fully in the work of committees and the Governing Body, and are encouraged to bring matters of concern before Governors and to raise any queries with the Headmaster. Annually, after the publication of public examination results, Governors undertake a thorough review of the results, and consider implications for the curriculum and pastoral activities within the School.

The detailed administrative work of the Governors is undertaken by the Clerk to Governors, reporting to the Chair. Mr Steve Vale has continued to fulfill the role of Clerk throughout 2017/18.

g. Pay policy for key management personnel

The pay and remuneration of the leadership team is set by the Staff Pay and Performance Committee. That Committee has agreed that (as with all teaching staff) the pay of the teacher members of the leadership team (including the Headmaster) will be in accordance with the national pay scales set by the School Teachers Pay Review Body. Non teaching staff (known as Associate Employees) are paid in accordance with the scales set by the National Joint Council for Local Government Services, and the Business Manager's remuneration is set on the basis of fair comparison with the pay rates for other Associate Employees.

h. Trade union facility time

The School had no employees who were relevant trade union officials during 2017/18, and there was therefore no union facility time, nor any costs to the academy for such time, in 2017/18.

i. Connected organisations, including related party relationships

Reading School has a close working relationship with The Reading Foundation (Registered Charity number 294640) which is landlord of the School's main site and has as its own charitable purpose "to advance the education of the public, and in particular, to endow Reading School".

The School also cooperates on a regular basis with the Old Redingensians Association, which comprises alumni of the School, and seeks to support the School in appropriate ways.

The Headmaster is a trustee of The Reading Foundation. Sue Bowen (from December 2017), Richard Childs (up to November 2017), Mark Faulkner, and Stephen Nortcliff represented the Governing Body on the Reading Foundation in 2017/18.

In June 2018, the School agreed to establish a separate trading company limited by shares in order to facilitate the School's involvement in assisting with the design and the teaching methods of a new set of Bilingual International Schools in China, to be called Reading Suzhou School. This company, known as The Reading School Overseas Partnership Company, was authorised to conclude a Cooperation Agreement with Lunhua Education to assist with agreed projects, including setting up and running of high quality bilingual schools and kindergartens in mainland China. The Cooperation Agreement was signed on 26th June 2018. 100% of the company's share capital is owned by Reading School.

The Governing Body is affiliated to the National Governors' Association.

Objectives and Activities

a. Objects and aims

Reading School has operated as an independent Academy funded by the Education Skills Funding Agency

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(ESFA) since February 2011, and, under its funding agreement, is run as a selective school within the meaning of section 6(4) of the Academies Act 2010.

b. Objectives, strategies and activities

The primary measures used by the Governors to assess the success of the activities of the School are a five year strategic plan, together with a series of annual Operational Plans.

The strategic plan for 2013 to 2018, was approved by the Governing Body on 1 July 2013. In March 2018, the Governing Body approved a new strategic plan, covering the period from 2018 to 2025. The Operational Plan for 2017/18 was approved by the Governing Body on 3 July 2017, and an Operational Plan for 2018/19 was approved on 2 July 2018.

The School is also in the process of updating its Master Plan, which sets out key priorities for the development of facilities at the School, such as a new Sports Hall and a 6th form centre.

The strategic and operational plans focus on 4 key strategic objectives of:

- Academic excellence
- Building champions of character
- Leaders creating Leaders, fostering a culture of leadership and accountability across pupils and staff
- Effective local, national and global partnerships.

They continue to place student and staff wellbeing and development at the heart of the School's vision, supported by a robust programme of Continuous Professional Development, as well as a system of peer reviews of the various departments.

The Operational Plan for the year is monitored as a standing agenda item at each Committee meeting. The Headmaster is required to report to the Governors regularly at Committee and Governing Body meetings on progress in meeting the targets set out in the Operational Plan, on any corrective actions required in pursuit of the Plan, as well as on Academy performance, personnel matters, university entrance and staff training. More information about these targets, and the successes and challenges in meeting them in 2017/18, are set out in the Achievements and Performance section, below.

In addition:

- Regular budget monitoring reports are submitted to each meeting of the Finance and (for the property budgets) to the Property and Projects Committees;
- The Curriculum and Standards Committee receives a detailed report on performance in external examinations each year, and commissions appropriate actions as a result, including looking at comparative data for other schools and undertaking self assessment of school performance;
- All policies are reviewed by the relevant Committees at appropriate intervals, in accordance with a schedule agreed by the governing body, including consideration of their value and effectiveness in delivering the aims of the Academy.

c. Public benefit

The Governors have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Governors' annual report.

In accordance with its charitable objectives, the Charitable Company strives to advance the education of the students attending the School. The Charitable Company's primary beneficiaries are therefore the students, and benefits to students are provided through continuing to maintain a high standard of education throughout the

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School.

In order to determine whether or not the Charitable Company has fulfilled its charitable objectives for public benefit, the Governors gather evidence of the success of Reading School's activities.

Strategic report

Achievements and performance

a. Achievements and Performance 2017/18

Academic Performance 2017/18

2017 examination results

In reviewing the examination results for 2017 at its September 2017 meeting, the School's Curriculum and Standards Committee noted that Reading School continues to deliver excellent academic results achieved by its students.

The school's GCSE performance in 2017, whilst not quite as good as the record results in 2016, still meant that the School was in the top five of the boys academically selective schools the country with the proportion of A* to A grades at 81.7%. Almost 92% of students gained at least 5 A*- A grades, and just short of 40% gained 11 A*- A (or equivalent). 92% of candidates achieved the English Baccalaureate.

Key factors in the school's success were:

- 72 grade 9s (the new top grade) in Maths
- 21 A* grades in Spanish
- 94.3% of entries gaining A* to A grades in Physics
- 100% of entries gaining A* to A grades in Latin.

A level results were particularly outstanding in 2017, with over 93% of outcomes with A* to B grades. This meant that the school was ranked 5th= of all state schools nationally, and the fourth highest of the boys academically selective schools the country. There were no underperforming departments at A-level, with improvements in Chemistry and Biology, and with Physics performing at the same level as the previous year. Other key outcomes were:

- A significant increase in the number of A* grades in Maths and Further Maths;
- The award of A* to B grades for 100% of students in German, French and Latin;
- The award of 100% A* to A grades in History;
- The award of 12 A* grades in Geography, which was a major improvement on the previous year.

As well as these excellent exam results, the school's performance against value added measures of pupil progress was exceptionally strong. DfE pupil progress data shows that the School is 'well above average', which equates to the top 10% and the highest designation for the Progress 8 performance measure. Performance against these measures by SEN students was very good, with no "gap" compared with non SEN students.

2018 examination results

Initial analysis of the results released in August 2018 indicates that:

At GCSE, where the new grading system was operational for the vast majority of subjects for the first time, 40.63% of entries were awarded the new highest grade 9 and 69.78% of grades were 8 or 9 (equivalent to an A* grade in the old grading system). 87.7% of entries were awarded grades 7,8 or 9 (equivalent to grades A* or A in

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the old grading system). 93.4% of students gained at least 5 grades 9-7, and 50.4% gained 10 grades 9-7 or equivalent. In addition, 95% of candidates achieved the English Baccalaureate. Particular successes were Physics, where 80 students achieved grade 9, and Biology, where 95% of students gained grades 9-7. 93% of History GCSE candidates gained grades 9-7 and 82.8% Geographers gained grades 9-8. In Mathematics 105 out of 121 candidates gained grades 8 or 9 and 96.8% of students recorded at least a grade 8 in Latin.

At A level, the successes of 2017 were repeated in 2018 with 92.4% A*-B grades, 75.43% A*-A grades, 39.86% A* grades and 99.14% A*-C grades achieved. Overall, 61.1% of Year 13 students gained at least 3 A grades and 75.8% gained at least AAB. Performances of particular note were in Biology where 98% of pupils gained A*-B grades and in Economics, where 95.9% of candidates gained A*-B. Furthermore, 56.3% of A Level Further Mathematicians gained the highest grade possible, A*, and 81.6% of Mathematicians were awarded A*-A. In addition, 95.2% of Geographers gained A*-B along with 93.1% of Historians.

Other Achievements in 2017/18

The Governors have reviewed the performance of the Academy Trust and the School in 2017/18, and have highlighted significant progress and achievement in all aspects of the School during the year, as follows:

Curriculum and Standards

Major achievements this year included:

- The university destinations of students in 2017, with 24 students bound for Oxbridge, 109 for Russell Group universities, and 28 for other universities. Almost all students obtained places at their first or second choice universities. (33 candidates have received offers for Oxbridge entry in 2018, with the greater number of offers at Cambridge (especially for Mathematics). This was the highest number ever, against a background pattern of 20 to 25 offers per year.)
- The approval of The Reading School Pupil Premium Strategy 2017/18, with an evaluation of the impact of 2016/17 expenditure and a summary of performance data for Pupil Premium cohorts. This showed that, for Pupil Premium students:
 - o Attainment rates at Reading School significantly exceeded national averages.
 - o Attendance rates exceeded national averages.
 - o Progress from Key Stage 2 to Key Stage 4 was well above national rates.
 - o Exclusion rates were near to the school average.
 - o Transition to post-compulsory education for pupils in receipt of the pupil premium funding matched the Reading School average.
- Further detailed analysis of student option choices at both GCSE and A-level and of their potential implications for both teaching resource requirements and the breadth of the curriculum offered by the School, aimed at understanding and getting to grips with the tension between the breadth of the curriculum and the choices made by students, whilst still producing the optimum academic outcomes within affordability criteria.
- A review of compliance with the Department for Education's Careers Strategy: making the most of everyone's skills and talents (published in December 2017). This review showed that the school's current provision exceeded government expectations, and that careers guidance is now one of the School's strengths.
- The adoption of a policy on provider access for providers of technical education and apprenticeships, in accordance with Department for Education requirements.
- The consolidation of 5 form entry to Year 7 notwithstanding the logistical and teaching challenges this poses – the increase in numbers is vital to the school's future financial sustainability.
- The continued success of the Link Governor Scheme, where each Governor is linked to a curriculum or other area of the School. The links to curriculum areas enable the committee to be more knowledgeable about changes and challenges across the whole curriculum.

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Admissions

The Governing Body's Admissions Committee has carefully monitored the impact of admissions policies in 2017/18, including the impact of increased admissions in Year 7 to 5 forms of 30 students each from September 2016 and of the abolition of Year 9 admission to the School with effect from 2017/18 .

Given that the School is a selective school with a record of outstanding academic success, the School does not envisage radical changes either the criteria for entry (based on performance in the admissions tests) or its current catchment area.

However, the Governors wish to support social mobility, and to encourage more applications from/admissions of students from vulnerable and deprived backgrounds. To this end, the Committee has continued to support the Future Stories Community Project, which involves work with local primary schools aimed at encouraging pupils to aspire to apply for entry to the School, with outreach work undertaken by Reading School students. It has also continued to look at the feasibility of implementing a lower pass mark for Pupil Premium and looked after students, and the adoption of a revised 6th form strategy. The outcomes of this work will be reflected in the 2020/21 admissions policies, which will be adopted in the course of the 2018/19 School year.

External Relations and Pastoral Care

Achievements of note this year included:

- Work with Student Representatives, securing their input to many of the issues considered by the Committee and supporting them in strengthening the student voice and making it more effective, including a reconstituted the Student Council and a new 6th form Council.
- Commissioning a self-assessment exercise for the Governing Body, the outcomes of which were reported in December 2017, leading to an action plan to improve governor performance.
- Commissioning a skills audit of governors, undertaken during the Lent term of 2018, following the appointment of two new parent governors at the start of December 2017.
- Continuing to work on Governor Training, including keeping a record of all training undertaken.
- The approval of a new Marketing Strategy for the School.
- A review of SEND provision and of the School's SEND Policy.
- The review and updating of numerous school policies relating to student welfare, discipline etc, including identifying all policies which included content aimed at promoting staff and student well-being.
- Reviewing and updating the terms and conditions applying to Boarding at the school.

Finance

Achievements in 2017/18 included:

- Successful completion of the 2016/17 audited accounts, with an unqualified auditors' assessment.
- Careful monitoring of 2017/18 income and expenditure, in a tight financial environment, and ensuring that financial targets were hit.
- Monitoring the School's financial control environment successfully, through Responsible Officer reports.
- Continuing to review and update the School's Risk Register, through a rolling review programme.
- Setting a balanced budget for 2018/19 with an anticipated small surplus, notwithstanding a challenging financial environment.
- Review and updating of the Tendering Policy for School contracts, and the renewal of the School's catering, cleaning and grounds maintenance contracts.
- Overseeing, from the School's perspective, the new joint fundraising initiative with the Reading Foundation.
- Ensuring that the School responded appropriately to the advent of the new General Data Protection Regulations (GDPR).

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Property and Projects

Achievements in 2017/18 included:

- Installation of a new eastern boundary fence on the School's main site.
- Obtaining planning permission for a new Multi-Use Games Area near the chapel and for a canopy outside the Learning Resources Centre.
- Instigating discussions aimed at securing the improvement and greater use of the School's Boat House, in partnership with another School.
- Careful monitoring and planning of the use of the property maintenance budget, and work with the Reading Foundation to ensure that maintenance priorities are identified systematically and tackled in the most cost efficient manner.
- Reviewing and updating of the School's development Master Plan to reflect current priorities, and examining in detail the means by which new facilities could be funded and built.
- Reviewing and updating of Health and Safety policies.

On a less positive note, the School's bid for Education Funding Agency grant aid towards window and roof repairs was not successful.

Sporting, musical, and cultural achievements

As well as its academic excellence, the School is proud of its record in encouraging its students to achieve their potential in sport, music, cultural and other enrichment activities. Some of the highlights in 2017/18 were:

- Success for the School's bridge team in championship events.
- A pupil scoring the maximum possible in the MENSA IQ test.
- The School being named as the Sunday Times Southeast State Secondary School of the Year for 2017.
- The School Music Competition in November 2017.
- The School winning the Regional Finals of the UKMT and FMSP Senior Mathematics Team Challenge.
- Reading School Biologists from Years 9,10 and 13 achieved significant medal hauls at the 2018 British Biology Olympiad.
- Reading School were once again crowned KS 4 National Badminton Champions following their successes in 2016 and 2017.
- The School securing 5th place in the ISF World Schools' Badminton Championship in Pune, India.
- Year 11 and Year 12 students represented Reading School and the United Kingdom in the World Individual Debating and Public Speaking Competition 2018 event.

Conclusions

The academic and other successes in 2017/18 show that Reading School continues to be one of the highest performing state schools in the country. We are continuing with our aim to develop it into a 'World Class School', which nurtures integrity and academic excellence through the development of leadership potential, and which measures up to international benchmarks.

We pride ourselves on our commitment to sustaining a high academic tradition and a willingness to embrace change in the interests of our students. We regularly attract over 1,000 applications for day places at the School at Year 7 and a further 30-40 for boarding places, also at Year 7. For 2019 entry, we received 1250 direct Year 7 applications for day and boarding. The range of our feeder schools is diverse geographically. Our student population is ethnically and socially diverse with 55% of students coming from ethnic minorities. Most Year 13 leavers gain admission to leading Universities.

But, in our Strategic and Operational Plans, and in identifying the other challenges we face, we recognise that sustained success depends on continuous improvement, effective leadership, strong partnerships and effective learning environments. Excellence in the classroom and development of the whole person in students is crucial.

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We are committed to serving our local community and to playing a role in increasing social mobility, as demonstrated by our support for a Saturday morning school known as the Community Education Trust, the Gifted and Talented Academy for Year 5 and 6 pupils in local primary schools, the Future Stories Project, and the ongoing consideration of changes to admission policies aimed at increased social mobility.

Key Performance indicators

Academic performance and other achievements are covered in the Review of Achievement 2017/18 above. Other performance data for 2017/18:

Number of permanent exclusions: 1
Number of fixed term exclusions: 6
Number of racist incidents: 1
Number of incidents of bullying: 2
Overall school attendance: 97.8% (Years 7 to 11, up to Term 5, 2017/18)
Pupil Lateness: 0.66%

b. Going concern

After making appropriate enquiries, the board of trustees (i.e. the Governing Body) has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial review

a. Financial Outcome of Activities and Events

Most of the Academy's revenue income comes from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The School is seeking to ensure that absolute revenue funding levels remain constant, with funding cuts being offset by increases in pupil numbers, following decisions to increase entry numbers at Year 7 and in the sixth form.

The Academy also received a small annual devolved formula capital grant in 2017/18, which has been applied to general refurbishment work and redecorations.

The School 2017/18 budget was essentially a balanced one, providing for just a small surplus, and this has been delivered through careful budget monitoring and control throughout the year. The 2018/19 School budget was also a balanced one when it was approved in July 2017, although a higher than expected teacher's pay award, effective from September 2018, will make it very challenging to adhere to this budget.

For accounting purposes the Boarding department is fully integrated within the Academy Financial Statements whereas at operational level Boarding is run entirely separately from the School. Boarding numbers were stable in 2017/18, and more or less at maximum capacity.

As at 31 August 2018 the net book value of fixed assets was £14,383,990 (2017: £14,788,986).

The operating deficit for 2017/18 was £291,280 (2017: deficit of £406,712).

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b. Development Funding

The School seeks to raise funds for extra-curricular activities and future development by means of donations mainly from parents and former pupils. In 2017/18 these funds have been used to ensure the delivery of an extensive co-curricular programme which includes numerous sports, clubs and societies. The school is committed to ensuring that this crucial aspect of the school's operation is improved, and where appropriate, extended through the Floreat Scheme which promotes student leadership.

c. Reserves Policy

The Governors' policy is to generate reserves to provide funds to continue to enhance the educational and boarding facilities and to fund future development projects. The School has set a balanced budget for 2018/19 and increases in pupil numbers to offset expected further reductions in funding from the Department of Education are continuing. In setting the budget, the Governors did not anticipate having to use reserves to support the School's core educational activities in 2018/19.

The Governors review the reserves policy annually.

At the date of the balance sheet, the Charitable Company had free reserves of £591,364 (2017: £935,393)

d. Financial risk management objectives and policies

The Governors' investment powers are set down in the Charitable Company's Memorandum and Articles of Association, which permit the investment of monies of the Charitable Company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

In March 2014, it adopted an Investment Policy which confirms that the Charitable Company's current policy is to invest surplus funds in short term cash deposits, and that the Governors will only authorise investment in other than short term cash deposits where this is deemed to be in the best interests of the School in the future.

At present available deposit rates are minimal, so the Charitable Company's cash balances generated interest of £2,767 during the 2017/18 accounting period (2016/17: £2,437).

e. Principal Risks and Uncertainties

The School has an excellent record in meeting its challenges, and the Governors recognise the key role of talented and dedicated staff in this – the effort devoted to the construction of, and funding for, the recent new Science building and the Fitness Suite provides a good illustration.

The School's high standards, its excellent record and its popularity with potential applicants, mean that the main risks are financial in nature. Currently, the principal risks and uncertainties are:

- Major efforts made to bridge the funding gap caused by reductions to revenue funding will need to continue. Revenue expenditure has been progressively reduced to the minimum level compatible with sustaining academic standards and meeting all the ambitions set out in the Strategic and Annual plans.
- Given this position, and the fact that there are elements of costs which the School cannot control (e.g. pension contributions), it is vital that the School increases its level of revenue income in future years. The main means of doing so is through increased pupil numbers, and the School has already increased student numbers in Year 7 and the sixth Form.

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GOVERNORS' REPORT (continued)
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- A related issue is that the School's funding position is such that subjects which few students opt for, particularly at A level, cannot be offered economically. This poses a potential threat to the breadth of the curriculum, and it is ultimately difficult and undesirable to attempt to control or unduly influence student choices. Governors will continue to monitor the position, and the 2017/18 Operational Plan sets out action aimed at sustaining curriculum breadth.
- The School needs to be able to raise additional funds at local level to support major improvements to its facilities, particularly sports facilities. The position on fundraising and the use of funds raised is regularly and closely monitored by governors in Committee meetings and the generation of substantial funds for capital projects is one of the major future challenges facing the School.
- Given the nature of the School site and buildings, the risk of unforeseen and expensive repair work is substantial and can lead to urgent funding needs, as recent experience shows. The Governing Body is seeking to reduce this risk by identifying the highest priorities and tackling them pro actively, so as to minimise the extent of unexpected problems – in this context, Governors acknowledge the contributions made by the Reading Foundation.
- The listed status of much of the School's buildings creates additional complications, as it can make the obtaining of consents for repairs to the fabric of buildings more complicated and expensive.

The Governors have a robust attitude to risk management. The risk register defines and considers risk under the headings of Strategic and Reputational Risks and Operational Risks. As noted above, the register was subject to continuous updating by Governors through a rolling review process in 2017/18, and this will continue in 2018/19.

All Governors have received training in safeguarding, the Chair and Vice Chair have undertaken required training in Safer Recruitment, and the Chair is the designated Governor with responsibility for child protection.

Governors undertake site visits and receive regular reports from staff and Governors' Health and Safety representatives.

A number of policies have been adopted by the Governing Body, covering risk and health and safety matters. These are reviewed regularly, including annual reviews of the following policies:

- Safeguarding
- Child Protection
- Health and Safety Statement and Policy
- Risk Assessment Policy
- Register of Risks (rolling review)

It is confirmed that, in the process of agreeing the Operational Plan for 2018/19, of setting school budgets for 2018/19, of reviewing financial procedures and funding projections, and of producing this report, the major risks to which the Academy Trust is exposed, as identified by the trustees, have been reviewed, and that systems or procedures have been established to manage those risks.

After making appropriate enquiries, the board of trustees 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.

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GOVERNORS' REPORT (continued)
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f. Insurance

Following expiry of its previous insurance contract in January 2017, the School has moved to the Government's Education Insurance and Risk Protection Arrangement, in order to minimise future insurance costs. Governors have satisfied themselves that this continues to provide adequate coverage against risks.

Fundraising

Reading School restarted its development programme in 2017. Thanks to active support and a generous grant from the Reading Foundation, it engaged a consultant, Alison Graham, with considerable experience in the education sector to advise on the long-term strategy and to begin its implementation. The priority is to create strong and productive relationships with all the School's supporters, and especially alumni and parents (both past and current). The Reading School Society has been established to foster and manage these relationships, and the Foundation grant enabled the School to recruit a Society Manager, Mrs Jas Chhokar, in November 2017. The work of the Society is overseen by a steering group comprising Foundation Trustees and School Trustees/Governors, under the chairmanship of Ms Claire Toms.

The School's strategy is to encourage all its supporters to contribute to Reading School. While fundraising is an obvious and the most flexible form of giving, and the School has greatly benefited in recent years from donations from parents and alumni, as well as major grant-making Trusts (notably to its new Science Building), other ways of contributing are encouraged and valued. Younger alumni can give the School valuable feedback about their universities and first career steps that will directly benefit our Sixth Formers. Parents and alumni are speakers at our lectures, can offer their professional wisdom and experience, or can introduce us to their own networks to help widen the School's reach.

With the help of its consultant, the School published a Legacy Leaflet which is being brought to the attention of fellow alumni by our enthusiastic legacy ambassadors.

The School is most grateful for several grants from the Reading School Parents' Association (RSPA) totalling in excess of £50,000 used for various School projects and initiatives in 2017-2018. The RSPA raises money through initiatives and events such as the Quiz Nights, Christmas Market and spring Fayre, to enable the school to pay for equipment and sponsor events outside the normal school budget which will enrich the life of our pupils. This has included new equipment for the Chemistry Department; new football goals for the PE Department; books for the LRC; the purchase of new wooden benches for the School Terrace; a Canopy outside the LRC; and the creation of a new Multi-Use Games Area which the Reading Foundation also "match funded" to ensure the completion of the project. RSPA has been very successful in attracting corporate support from many local companies, who value the talent and skills of our pupils.

The efforts of individual Old Redingensians and the Old Redingensians Association (a registered charity whose beneficiaries are the boys of Reading School), have made important contributions. One individual OR has continued to fund the School's "Inspire" lecture series, and the ORA has assisted with the funding of the School's outreach project "Future Stories".

Regular parental giving via our Annual Fund and parental contributions mean that we can continue and extend our vital co-curricular programme of clubs and activities which benefit all our boys, enabling them to learn new skills, develop their individual talents and enjoy their recreational time.

As a member of the Institute of Development Professionals in Education, Reading School is committed to following best practice in all its development and fundraising activities. Our database and procedures are GDPR compliant. We would never attempt to solicit from the vulnerable, nor be intrusive. Fundraising will always be respectful and tailored to individual wishes as far as possible. We have received no complaints about our fundraising in the past year.

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GOVERNORS' REPORT (continued)
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Plans for future periods

a. Future developments

The Operational Plan for 2018/19 was approved by the Governing Body on 2nd July 2018, and is too detailed to set out in full here. The following summarises the key priorities in the plan:

Academic Excellence

1. To provide the highest quality teaching resulting in outstanding academic outcomes for all, with
 - 80% of students in Year 11 achieving the equivalent of grades 7-9 at GCSE in all subjects.
 - 95% of students in Year 11 achieving the equivalent of grades 7-9 at GCSE in Mathematics.
 - 90% of students in Year 11 achieving the equivalent of grades 7-9 at GCSE in Biology, Chemistry and Physics.
 - A Progress 8 score of at least +0.65 in 2019, +0.7 in 2020.
 - Reading School placed in the top 20 of state schools in England with respect to A Level results (referencing A*-B grade % and % of A* grades)
2. To develop an engaging and enriching curriculum and embrace an academic approach that provides extensive breadth and depth, including introducing Mandarin to a selected cohort in Year 7 by August 2019 (in partnership with UCL, IOE and the Confucius Institute), and continuing to offer a co-curricular and enrichment programme of at least 20 activities across Years 7 – 13, with educational visits linked explicitly to the Reading Way concept.
3. To develop a robust quality assurance programme that focuses on sustained high performance, with a strong focus on quality of teaching and on the professional development of staff.
4. To maximise excellent models of professional development and performance management that enhance staff engagement.
5. To benchmark standards against national and international measures of excellence, whilst learning from centres of sustained outstanding performance, including visits to outstanding organisations and enhancing learning outcomes for Reading School students through International Partnership Development.

Champions of Character

1. To champion pastoral programmes and approaches that focus on human flourishing and the development of character, creating a supportive, dynamic environment where each student is valued and has the opportunity to reach his potential.
2. To champion practices that develop positive mental and emotional health, well-being and safeguarding for all, encouraging an ethos, culture and atmosphere of self-improvement and team work (especially through the PSHE programme, chapel and the House System) and targeting high attendance rates and low levels of exclusions.
3. To champion development of a co-curricular programme including educational visits that maximise pupil engagement through a focus on sporting, social and cultural development.
4. To focus on developing the engagement and well-being of staff, with a formalised positive relations/communications policy in place and measures to ensure that staff, students and parents are familiarised with the policy.
5. To further develop Boarding at Reading School emphasising a holistic approach to adolescent development from which the whole school can learn, including professional development of the Boarding Staff.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Leaders Creating Leaders

1. To develop student leadership skills, knowledge and characteristics through the Floreat and Future Stories programmes, including providing opportunities for all boys in Years 7 – 10 to take part in outdoor education activities, for all students have the opportunity to take individual lessons in playing a musical instrument, and for students to participate in public speaking especially in Years 10-12.
2. To focus on social mobility to improve the life chances of local, disadvantaged young people, through further development of the Future Stories programme (which focuses on social mobility) with increasing staff involvement and a review of admissions policies.
3. To develop effective staff leadership programmes, nurture talent development and capacity building, appointing staff of potential and talent who are energetic, positive, caring, competent, highly qualified and knowledgeable and who exemplify a commitment to service and involvement in co-curricular programmes, pastoral care, boarding, the Reading Way and the Reading School Community.
4. To ensure that admissions, public relations and marketing strategies align with our values, enabling Reading School to be a system leader, including devising and publishing a Development Strategy by the end of 2018 and encouraging donations to capital projects from parents and alumni.
5. To showcase effective governance, prudent financial planning, capacity building and sustainability in all aspects of the School's activities, including partnerships with other organisations.

Effective Partnerships

1. To develop local partnerships focusing on well-being, student leadership, careers and academic performance and promote a dynamic co-curricular programme focusing on partnerships, including seeking to build relationships with alumni, friends of the school and parents, for example by hosting functions at the school.
2. To develop a range of high-value national partnerships with leading public, private and voluntary sector organisations, including BASS, GSHA, and BSA, Reading School Overseas Partnership Company and the further development of initiatives based round the Future Stories concept.
3. To develop sustainable international partnerships through the International Future Stories (IFS) initiative, IBSC and Global Competitions, providing the opportunity, through academic, cultural, service or sporting groups, for students, especially those in Years 9 – 12, to have an international engagement, and building a more extensive level of cultural understanding through a range of international experiences.
4. To ensure that internal networks enable sharing and dissemination of best practice, where all staff expect to learn from others.
5. To embed the role of the Society Manager and develop Marketing and Communications strategies that enable continuous improvement of processes and facilities, building relationships with alumni, friends of the school and parents and developing mechanisms for continually improving communication, both within the internal school community and with the broader school community.

b. Future Developments - longer term

The School's long term strategy is currently set out in the recently-approved Strategic Plan 2018-2025 which is available on the School's website.

The Governing Body is prioritising the development of the School's facilities over the next few years. This is a

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GOVERNORS' REPORT (continued)
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challenge both in the logistical sense (i.e. designing and building new facilities within a confined site which includes listed buildings) and in a financial sense, since, realistically, development will need to be funded from funds raised by the School itself.

The School's Master Plan is being updated, but the Governing Body has already approved an outline plan which identifies the main facilities which will be required to deliver the curriculum, pastoral care and associated support facilities at the heart of the school's strategic vision and operational priorities.

For the period up to 2022, these include a new Sports Hall, other sports facilities, a 6th form centre and a maths and further maths centre.

In order to fund these major facilities, the fundraising partnership with the Reading Foundation, the initiatives led by the Society Manager, and the imaginative use of existing assets will be crucial.

c. Other challenges

- Sustaining the current successes in boarding, with a minimum 75 boarders on the roll in September 2018.
- Continuing to develop the skills and effectiveness of governors, so that the ethos of Excellence and Leadership is strengthened in the School.
- Maintaining a programme of high priority repair and refurbishment projects, working in partnership with the Reading Foundation, including roof repairs, in the face of limited funding and the complications of obtaining listed building consents for the work involved.
- Resolving the future of the School Boat House, hopefully through partnership arrangements with another school.

Funds held as custodian

Reading School holds funds as agent on behalf of parents in relation to the running of educational visits and on behalf of staff as custodian of the Common Room Fund. Educational visits are run on a non-profit basis with material surpluses being refunded to parents on completion of the visit. Contributions from staff to the Common Room Fund are disbursed under the instruction of the Common Room Committee.

Disclosure of information to auditor

Insofar as the Governing Body are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- Governors have 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.

The Governors' report, incorporating a strategic report, was approved by order of the board of trustees (i.e. the Governing Body), as the company directors, on _____ and signed on its behalf by:

R J Kenwick
Chair of Trustees and Governing Body

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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Reading 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 board of trustees (i.e. the Governing Body) has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between Reading School and the Secretary of State for Education. He is also responsible for reporting to the board of trustees (i.e. 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 board of trustees (i.e. the Governing Body) has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees (i.e. the Governing Body) was as follows:

Governor	Possible attendance	Actual attendance
A Bose	7	6
S Bowen	7	4
E Bradley	7	6
J Chhokar	7	7
R Childs	1	1
M N J Faulkner	7	6
D R Fisher	7	6
T Follen	6	6
K Holland	6	3
R P Huggins MBE	7	5
D A Jubb	7	6
A K Kay	7	7
R J Kenwick	7	7
J Matthews	7	3
S Nortcliff	7	6
M L Parsons	7	5
B Reynaert	7	5
A M Robson	7	7
K Ross MBE	7	6
D Smith	7	7
M Stock	1	1

The Governing Body is now actively engaged in the self evaluation of governance, with self assessment of the effectiveness of the Governing Body and individual Committees, and a 360° appraisal of the Chair.

As well as regularly undertaking self assessment exercises, the Governing Body keeps a record of all training undertaken by governors and conducts a regular skills audit of its members, all of which are designed to sustain its effectiveness.

The Finance Committee is a sub committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity and to make appropriate comments and recommendations on

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GOVERNANCE STATEMENT (continued)

such matters to the governing body on a regular basis. Mr David Jubb, who is a qualified accountant, chaired the committee in 2017/18.

Attendance at meetings in the year was as follows:

Governor	Possible attendance	Actual attendance
A Bose	5	4
E Bradley	5	5
R Childs	2	2
D R Fisher	5	3
T Follen	2	2
D A Jubb	5	5
R J Kenwrick	5	4
J Matthews	4	4
S Nortcliff	5	4
A M Robson	5	4
K Ross MBE	5	4
D Smith	5	4

The data that the Governing body has used to assess progress and performance has been scrutinised by sub committees and is evaluated contextually. The majority of School data is taken from DfE tables. This ensures the validity of the School's key benchmarks. DfE data (such as Progress 8, Attainment 8 and A Level value added scores standards scores) is evaluated using tools provided by ALPS and Formatrix, and is analysed in comparison with other boys academically selective schools to ensure appropriate contextual rigour. Internal data is assessed against prior performance and the progress of individual students and groups are appropriately monitored using analysis of quintiles. The governors are therefore satisfied about the integrity, validity and significance of the data used in their assessments of the School's progress.

The following table shows total attendances by governors at all main Committee (i.e. Curriculum & Standards, External Relations & Pastoral Care, Finance, Property & Projects) and Governing Body meetings in the 2017/18 school year:

Governor	Possible attendance	Actual attendance
A Bose	16	12
S Bowen	10	6
E Bradey	16	14
J Chhokar	16	14
R Childs	5	5
M N J Faulkner	16	14
D R Fisher	23	19
T Follen	9	9
K Holland	8	5
R P Huggins MBE	11	8
D A Jubb	12	11
A K Kay	14	13
R J Kenwrick	23	20
J Matthews	14	10
S Nortcliff	16	13
M L Parsons	6	4
B Reynaert	14	11
A M Robson	23	21
K Ross MBE	15	13
D Smith	14	12
M Stock	4	4

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Headmaster 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 board of trustees (i.e. 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:

- Educational Outcomes and resources including staffing
- Financial Performance

Exemplification below focuses on relevant and appropriate information linked to the activities of the trust. There is an emphasis on those issues that have had a more significant impact on the effective use of resources and are linked explicitly to the guidance. It is important to note that value for money is a consideration in all spending decisions and an integral part of Reading School's planning cycle. The budget was built on the annual operational plan, which in turn was shaped by the five year strategic plan. It is evident from the exemplification that reductions in real terms, in funding, have resulted in strategies being implemented so that the quality of teaching and academic outcomes are maintained. This will be a priority in the development of the 2025 Vision document and the 2018-2025 Strategic Development Plan.

Educational Outcomes and Staffing

- Effective tracking of student progress and achievement to ensure support, challenge and interventions are targeted to realise best outcome. This is especially evident through interventions in year 11, resulting in over 82% A*-A grades or grades 7-9 at GCSE.
- 100% of disadvantaged students made at least the expected progress in Mathematics.
- Additional revision classes for students including pupil premium students were introduced in the majority of curriculum areas.
- The broad rich curriculum, extra-curricular, co-curricular and enrichment activities, provide students at Reading School with the opportunity to achieve the highest levels of academic achievement and personal development.
- Our 2017 examination results at A Level show an improvement compared to 2016 – 93.19% A* - B grades.
- For 2017-2018, we have further refined our staffing structure and timetable to ensure teaching staff are effectively deployed and the timetable structure provides a greater level of value.
- Attendance overall is within the highest quintile according to Ofsted Data Dashboard, at over 96%.
- Reading School works closely in partnership with other local schools, including through the Future Stories programme. Collaboration leads to improved value for money.
- Average set sizes have increased at A Level.
- Numbers admitted to the sixth form increased for the third year.

Financial Performance

- At Reading School, financial governance, monitoring and oversight is very robust.
- Financial oversight and governance have been strengthened through robust challenging of spending.
- Purchasing has improved through benchmarking and effective tendering exercises.
- Furthermore, many members of the Finance Committee have extensive, high-level financial, corporate, legal and relevant business experience and expertise. The Chair of the Finance Committee is a qualified accountant, as is the School Finance Manager and the 'Responsible Officer', the governor responsible for internal checks and balances;
- It is evident that the Governors receive regular reports and recommendations from both the School Finance Manager and the external auditor.

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GOVERNANCE STATEMENT (continued)

- Expenditure is closely monitored against budget, and significant variances are reported in accordance with the financial procedures, agreed by the governing body.
- Crucially, there is robust scrutiny of significant spending proposals.

Area for Improvement – Income generation and fundraising streams

The trust could improve through:

Whilst there has been success through Old Redingensians Association and parents, the need for raising funds has become even more necessary following decreases in funding levels. Success in this area will enable us to improve quality and achieve greater value for money.

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 Reading School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees (i.e. 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 board of trustees (i.e. 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees (i.e. 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 board of trustees (i.e. the Governing Body);
- regular reviews by the Finance and Property & Projects Committees 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.

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GOVERNANCE STATEMENT (continued)

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 appointed Mr David Fisher, a governor, as Responsible Officer ("RO") in 2017/18. The RO's role includes giving advice on financial matters and performing a range of checks on Reading School's financial systems. The Governors have also appointed contractors (Crowe U.K. LLP for 2017/18) to review business processes in the areas of payroll, purchases, income and the accounting system. Over the accounting period no material control weaknesses have been identified.

Review of Effectiveness

As Accounting Officer, the Headmaster 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 external auditors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees (i.e. the Governing Body) on _____ and signed on their behalf, by:

R J Kenwick
Chair of Trustees

A M Robson
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reading School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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 ESFA.

A M Robson
Accounting Officer

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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who 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 issued by the Education & Skills 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 ESFA/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 board of trustees (i.e. the Governing Body) on _____ and
signed on its behalf by:

R J Kenwick
Chair of Governors

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

Opinion

We have audited the financial statements of Reading School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of trustees

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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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

Alastair Lyon (Senior Statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL
Date:

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO READING SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 April 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reading School during the year 1 September 2017 to 31 August 2018 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 Reading School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Reading School and the ESFA 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 Reading School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Reading School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Reading School's funding agreement with the Secretary of State for Education dated 1 February 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Alastair Lyon (Senior statutory auditor)

Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date:

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	54,241	84,499	23,136	161,876	111,275
Charitable activities:	3					
Funding for the Academy's educational operations		-	4,856,647	-	4,856,647	4,611,190
Provision of boarding activities		-	947,186	-	947,186	841,096
Other trading activities	4	363,189	182,335	-	545,524	457,239
Investments	5	2,767	-	-	2,767	2,437
Total income		420,197	6,070,667	23,136	6,514,000	6,023,237
Expenditure on:						
Raising funds		276,533	8,556	-	285,089	271,622
Charitable activities:						
Academy's educational operations		8,313	5,219,753	421,397	5,649,463	5,339,434
Provision of boarding activities		-	869,728	-	869,728	818,893
Other charitable activities		1,000	23,136	(23,136)	1,000	-
Total expenditure	7	285,846	6,121,173	398,261	6,805,280	6,429,949
Net before other recognised gains and losses		134,351	(50,506)	(375,125)	(291,280)	(406,712)
Transfers between Funds	16	(478,380)	501,516	(23,136)	-	-
Net income / (expenditure) before other recognised gains and losses		(344,029)	451,010	(398,261)	(291,280)	(406,712)
Actuarial gains on defined benefit pension schemes	20	-	372,000	-	372,000	53,000
Net movement in funds		(344,029)	823,010	(398,261)	80,720	(353,712)
Reconciliation of funds:						
Total funds brought forward		935,393	(2,038,133)	14,485,921	13,383,181	13,736,893
Total funds carried forward		591,364	(1,215,123)	14,087,660	13,463,901	13,383,181

The notes on pages 34 to 56 form part of these financial statements.

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REGISTERED NUMBER: 07475515

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	13		14,383,990		<i>14,788,986</i>
Current assets					
Debtors	14	295,634		<i>283,493</i>	
Cash at bank and in hand		1,619,998		<i>1,237,734</i>	
			<u>1,915,632</u>		<u><i>1,521,227</i></u>
Creditors: amounts falling due within one year	15	(1,067,721)		<i>(994,032)</i>	
Net current assets			<u>847,911</u>		<u><i>527,195</i></u>
Total assets less current liabilities			<u>15,231,901</u>		<u><i>15,316,181</i></u>
Defined benefit pension scheme liability	20		<u>(1,768,000)</u>		<u><i>(1,933,000)</i></u>
Net assets including pension scheme liabilities			<u><u>13,463,901</u></u>		<u><u><i>13,383,181</i></u></u>
Funds of the academy					
Restricted funds:					
Restricted income funds	16	552,877		<i>(105,133)</i>	
Restricted fixed asset funds	16	14,087,660		<i>14,485,921</i>	
			<u>14,640,537</u>		<u><i>14,380,788</i></u>
Restricted funds excluding pension liability			14,640,537		<i>14,380,788</i>
Pension reserve		(1,768,000)		<i>(1,933,000)</i>	
			<u>12,872,537</u>		<u><i>12,447,788</i></u>
Total restricted funds			<u>12,872,537</u>		<u><i>12,447,788</i></u>
Unrestricted income funds	16		<u>591,364</u>		<u><i>935,393</i></u>
Total funds			<u><u>13,463,901</u></u>		<u><u><i>13,383,181</i></u></u>

The financial statements on pages 31 to 56 were approved by the Governors, and authorised for issue, on and are signed on their behalf, by:

Chair of Trustees

The notes on pages 34 to 56 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>452,573</u>	<u>335,635</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(82,448)	(1,001,812)
Capital grants from DfE Group		23,136	22,326
Interest Recieved		2,767	2,437
Net cash used in investing activities		<u>(56,545)</u>	<u>(977,049)</u>
Cash flows from financing activities:			
Interest Paid		(13,764)	(8,951)
Net cash used in financing activities		<u>(13,764)</u>	<u>(8,951)</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at 1 September 2016		<u>1,237,734</u>	<u>1,888,099</u>
Cash and cash equivalents at 31 August 2017	19	<u><u>1,619,998</u></u>	<u><u>1,237,734</u></u>

The notes on pages 34 to 56 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies

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

1.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Group accounts have not been prepared as the results and assets of the subsidiary undertaking (Reading School Overseas Partnership Company Limited company number: 11421404) are considered to be immaterial to the accounts. These accounts present information about Reading School as an individual entity.

Reading School constitutes a public benefit entity as defined by FRS 102.

1.2 Charity status

The principal activity of Reading School is to provide secondary education for pupils aged 11 to 18. The Trust is an exempt charity and a company limited by guarantee (company number: 7475515). It is incorporated and domiciled in the UK. The address of the registered office is Reading School, Erleigh Rd, Reading RG1 5LW

1.3 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.5 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	Over 5 to 50 years
Plant and equipment	-	Over 3 to 10 years

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.7 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.

1.8 Liabilities and provisions

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

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.11 Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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 20, 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.

1.12 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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.13 Critical accounting estimates and areas of judgment

Estimates and judgments 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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

Other than LGPS noted above, the Governors consider that there are no other material judgements in applying accounting policies or key sources of estimation uncertainty.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Devolved formula Capital DFC	-	-	23,136	23,136	<i>22,326</i>
Donations	54,241	84,499	-	138,740	<i>88,949</i>
Total	54,241	84,499	23,136	161,876	<i>111,275</i>
<i>Total 2017</i>	-	<i>88,949</i>	<i>22,326</i>	<i>111,275</i>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Funding for the Academy's educational operations	-	4,856,648	4,856,648	4,611,191
Provision of boarding activities	-	947,185	947,185	841,095
	-	5,803,833	5,803,833	5,452,286
<i>Total 2017</i>	-	5,452,286	5,452,286	

Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,519,722	4,519,722	4,370,542
Other DfE / EFA grants	-	60,715	60,715	45,981
	-	4,580,437	4,580,437	4,416,523
Other funding				
Trip Income	-	276,211	276,211	194,668
	-	276,211	276,211	194,668
	-	4,856,648	4,856,648	4,611,191
<i>Total 2017</i>	-	4,611,191	4,611,191	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. Trading Activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Income from Recharge of services	6,525	-	6,525	14,870
Catering Income	276,007	-	276,007	274,704
Exam Fees	29,976	-	29,976	22,432
Hire of Facilities	20,559	-	20,559	10,129
Miscellaneous income	30,122	182,335	212,457	135,104
	<u>363,189</u>	<u>182,335</u>	<u>545,524</u>	<u>457,239</u>
Net income from trading activities	<u>363,189</u>	<u>182,335</u>	<u>545,524</u>	<u>457,239</u>

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Bank Interest	2,767	-	2,767	2,437
	<u>2,767</u>	<u>-</u>	<u>2,767</u>	<u>2,437</u>
<i>Total 2017</i>	<u>2,437</u>	<u>-</u>	<u>2,437</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. Support costs

	Academy's educational operations £	Provision of boarding activities £	Total 2018 £	Total 2017 £
Recruitment and support	15,533	-	15,533	41,205
Maintenance of premises and equipment	196,057	95,004	291,061	214,931
Cleaning	93,699	-	93,699	152,040
Rents & rates	51,284	11,953	63,237	49,415
Energy costs	70,403	70,402	140,805	145,326
Catering	3,604	-	3,604	202,175
Trips	289,011	-	289,011	209,227
Bank interest and charges	13,764	37	13,801	8,951
Other support costs	64,055	294,861	358,916	269,831
Other direct costs	20,885	-	20,885	25,401
Pension finance costs	48,000	-	48,000	37,000
Wages and salaries	678,803	140,371	819,174	536,259
National insurance	42,543	-	42,543	32,948
Pension cost	250,152	-	250,152	193,822
Depreciation	429,709	57,395	487,104	454,874
	<u>2,267,502</u>	<u>670,023</u>	<u>2,937,525</u>	<u>2,573,405</u>
<i>Total 2017</i>	<u>1,929,771</u>	<u>643,634</u>	<u>2,573,405</u>	

7. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	-	-	285,089	285,089	271,622
Funding for the Academy's:					
Direct costs	3,025,735	-	357,226	3,382,961	3,408,908
Allocated Support costs	792,279	430,049	1,045,174	2,267,502	1,929,771
Provision of boarding act:					
Direct costs	179,220	-	20,485	199,705	176,014
Allocated Support costs	140,371	95,004	434,648	670,023	643,634
	<u>4,137,605</u>	<u>525,053</u>	<u>2,142,622</u>	<u>6,805,280</u>	<u>6,429,949</u>
<i>Total 2017</i>	<u>3,978,409</u>	<u>629,704</u>	<u>1,821,836</u>	<u>6,429,949</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Analysis of expenditure by activities

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Funding for the Academy's educational operations	3,382,961	2,552,592	5,935,553	5,338,679
Provision of boarding activities	199,705	670,023	869,728	819,648
Total 2018	<u>3,582,666</u>	<u>3,222,615</u>	<u>6,805,281</u>	<u>6,158,327</u>
Total 2017	<u>3,584,922</u>	<u>2,573,405</u>	<u>6,158,327</u>	

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	487,102	454,876
Auditors Remuneration for audit services	12,310	11,950
Auditors Remuneration for other services	1,500	1,450
Lease Rental Charge	<u>1,894</u>	<u>2,576</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,163,711	3,067,785
Social security costs	312,690	304,005
Operating costs of defined benefit pension schemes	661,204	602,619
	4,137,605	3,974,409
Staff restructuring costs	-	4,000
	4,137,605	3,978,409

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory severance payment totalling £Nil (2017: 4,000)

c. Staff numbers

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

	2018 No.	2017 No.
Teaching	61	63
Administration and Support	43	35
Management	5	5
	109	103
	109	103

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

Pension contributions for the employees stated above total £25,582 (2017: £24,431)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £505,382 (2017: £483,849).

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FOR THE YEAR ENDED 31 AUGUST 2018**

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 Headmaster and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headmaster 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:

		2018	<i>2017</i>
		£	£
S Rogers (Staff Governor)	Remuneration	-	<i>40,000-45,000</i>
	Pension contributions paid	-	<i>5,000-10,000</i>
J Chhokar (Staff Governor)	Remuneration	20,000-25,000	<i>20,000-25,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
A M Robson (Headmaster and Trustee)	Remuneration	90,000-95,000	<i>85,000-90,000</i>
	Pension contributions paid	15,000-20,000	<i>5,000-10,000</i>
J Matthews (Staff Governor)	Remuneration	45,000-50,000	-
	Pension contributions paid	5,000-10,000	-

During the year ended 31 August 2018, Governors received reimbursement of expenses totalling £1,920 (2017 - £Nil to Governors).

12. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim. The insurance is included as part of the RPA and is not individually quantifiable.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Assets in the course of construction £	Total £
Cost					
At 1 September 2017	150,000	15,721,563	1,311,299	144,881	17,327,743
Additions	-	-	47,569	34,879	82,448
Disposals	-	-	(4,866)	-	(4,866)
At 31 August 2018	<u>150,000</u>	<u>15,721,563</u>	<u>1,354,002</u>	<u>179,760</u>	<u>17,405,325</u>
Depreciation					
At 1 September 2017	-	1,836,000	702,757	-	2,538,757
Charge for the year	-	325,927	161,175	-	487,102
On disposals	-	-	(4,524)	-	(4,524)
At 31 August 2018	<u>-</u>	<u>2,161,927</u>	<u>859,408</u>	<u>-</u>	<u>3,021,335</u>
Net book value					
At 31 August 2018	<u>150,000</u>	<u>13,559,636</u>	<u>494,594</u>	<u>179,760</u>	<u>14,383,990</u>
At 31 August 2017	<u>150,000</u>	<u>13,885,563</u>	<u>608,542</u>	<u>144,881</u>	<u>14,788,986</u>

14. Debtors

	2018 £	2017 £
Trade debtors	192,751	181,213
Other debtors	16,096	25,870
Prepayments and accrued income	86,787	76,410
	<u>295,634</u>	<u>283,493</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	132,507	132,070
Other taxation and social security	126,008	128,762
Other creditors	64,000	61,000
Accruals and deferred income	745,206	672,200
	<u>1,067,721</u>	<u>994,032</u>

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FOR THE YEAR ENDED 31 AUGUST 2018**

15. Creditors: Amounts falling due within one year (continued)

At the balance sheet date the Academy trust was holding income received in advance for the 2017/18 Michaelmas Term as follows:

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	374,888	305,293
Resources deferred during the year	446,428	374,888
Amounts released from previous years	(374,888)	(305,293)
	446,428	374,888
Deferred income at 31 August 2018	446,428	374,888

16. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	935,393	420,197	(285,846)	(478,380)	-	591,364
Restricted funds						
The Reading Foundation revenue fund	7,137	207,690	(139,066)	35,993	-	111,754
General Annual Grant (GAG)	-	4,519,723	(4,548,595)	28,872	-	-
Local Authority grant	7,058	-	(7,058)	-	-	-
Provision for boarding	334,208	947,184	(869,728)	-	-	411,664
Other ESFA grants	-	60,715	(60,715)	-	-	-
Other restricted income fund	(453,536)	335,355	(289,011)	436,651	-	29,459
Pension reserve	(1,933,000)	-	(207,000)	-	372,000	(1,768,000)
	(2,038,133)	6,070,667	(6,121,173)	501,516	372,000	(1,215,123)
Restricted fixed asset funds						
Fixed Assets	14,485,921	-	(398,261)	-	-	14,087,660
Capital grants fixed assets	-	23,136	-	(23,136)	-	-
	14,485,921	23,136	(398,261)	(23,136)	-	14,087,660
Total restricted funds	12,447,788	6,093,803	(6,519,434)	478,380	372,000	12,872,537
Total of funds	13,383,181	6,514,000	(6,805,280)	-	372,000	13,463,901

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. Statement of funds (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the School that has been provided to the Academy via the Education Funding Agency. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2018.

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to Academy status, and through which all the pension scheme movements are recognised.

The provision for boarding fund has been set up to recognise the fee income from parents to cover the provision of boarding and lodging for pupils. The relevant restricted expenditure is then also recorded through this fund.

The capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the School. Transfers are made to the capital grants fixed asset fund for expenditure incurred that is in respect of tangible fixed assets.

The other restricted income fund has been created to recognise all sundry sources of restricted income from various sources that are individually immaterial in value. The relevant restricted expenditure is then also recorded through this fund.

The General Annual Grant fixed assets fund has been set up to recognise the tangible assets purchased by the Academy following conversion that have been funded from the General Annual Grant. This fund has been created by a transfer from the General Annual Grant fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.

The capital grants fixed assets fund has been set up to recognise the tangible assets purchased by the Academy following conversion that have been funded by capital grants received by the Academy. This fund has been used to recognise the income received and once the assets involved are completed, depreciation charged on those tangible assets will be allocated to the fund

Statement of funds - prior year

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General Funds - all funds	671,104	540,975	(276,686)	-	-	935,393

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

Restricted funds

The Reading Foundation revenue fund	7,114	7,523	(7,500)	-	-	7,137
General Annual Grant (GAG)	17,896	4,611,190	(4,682,470)	53,384	-	-
Local Authority grant	7,058	-	-	-	-	7,058
Provision for boarding	253,046	841,095	(818,893)	58,960	-	334,208
Other restricted income fund	130,447	128	(94,548)	(489,563)	-	(453,536)
Pension reserve	(1,827,000)	-	(159,000)	-	53,000	(1,933,000)
	<u>(1,411,439)</u>	<u>5,459,936</u>	<u>(5,762,411)</u>	<u>(377,219)</u>	<u>53,000</u>	<u>(2,038,133)</u>

Restricted fixed asset funds

Fixed Assets	14,213,104	-	(390,852)	663,669	-	14,485,921
Capital grants fixed assets fund	264,124	22,326	-	(286,450)	-	-
	<u>14,477,228</u>	<u>22,326</u>	<u>(390,852)</u>	<u>377,219</u>	<u>-</u>	<u>14,485,921</u>
Total restricted funds	<u>13,065,789</u>	<u>5,482,262</u>	<u>(6,153,263)</u>	<u>-</u>	<u>53,000</u>	<u>12,447,788</u>
Total of funds	<u>13,736,893</u>	<u>6,023,237</u>	<u>(6,429,949)</u>	<u>-</u>	<u>53,000</u>	<u>13,383,181</u>

17. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	187,333	108,997	14,087,660	14,383,990
Current assets	1,437,252	478,380	-	1,915,632
Creditors due within one year	(1,067,721)	-	-	(1,067,721)
Creditors due in more than one year	34,500	(34,500)	-	-
Provisions for liabilities and charges	-	(1,768,000)	-	(1,768,000)
	<u>591,364</u>	<u>(1,215,123)</u>	<u>14,087,660</u>	<u>13,463,901</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	303,065	-	14,485,921	14,788,986
Current assets	632,328	888,899	-	1,521,227
Creditors due within one year	-	(959,532)	-	(959,532)
Creditors due in more than one year	-	(34,500)	-	(34,500)
Provisions for liabilities and charges	-	(1,933,000)	-	(1,933,000)
	<u>935,393</u>	<u>(2,038,133)</u>	<u>14,485,921</u>	<u>13,383,181</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(291,280)	(406,712)
Adjustment for:		
Depreciation charges	487,102	454,876
Loss on the sale of fixed assets	342	364
(Increase)/decrease in debtors	(12,140)	57,036
Increase in creditors	73,688	86,883
Capital grants from DfE and other capital income	(23,136)	(22,326)
Defined benefit pension scheme cost less contributions payable	159,000	122,000
Defined benefit pension scheme finance cost	48,000	37,000
Bank Interest Paid	13,764	8,951
Bank Interest recieved	(2,767)	(2,437)
Net cash provided by operating activities	<u>452,573</u>	<u>335,635</u>

19. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	1,619,998	1,237,734
Total	<u>1,619,998</u>	<u>1,237,734</u>

20. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for

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20. Pension commitments (continued)

England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Borough of Windsor and Maidenhead. 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 2016.

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

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.
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £375,492 (2017 - £373,678).

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).

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20. Pension commitments (continued)

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 2018 was £188,743 (2017 - £150,000), of which employer's contributions totalled £126,103 (2017 - £109,000) and employees' contributions totalled £44,304 (2017 - £41,000). The agreed contribution rates for future years are 15.1%% for employers and 5.5-12.5%% 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:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.65 %	<i>2.60 %</i>
Rate of increase in salaries	3.80 %	<i>4.20 %</i>
Rate of increase for pensions in payment / inflation	2.30 %	<i>2.70 %</i>

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

	2018	<i>2017</i>
Retiring today		
Males	23.1	<i>23.0</i>
Females	25.2	<i>25.1</i>
Retiring in 20 years		
Males	25.3	<i>25.2</i>
Females	27.5	<i>27.4</i>

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20. Pension commitments (continued)

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

	Fair value at 31 August 2018 £'000	<i>Fair value at 31 August 2017 £'000</i>
Equities	779	718
Gilts	-	-
Other bonds	249	227
Property	228	198
Cash	246	166
Target return portfolio	67	77
Commodities	31	26
Infrastructure	112	102
Longevity insurance	(50)	(71)
	<hr/>	<hr/>
Total market value of assets	1,662	1,443
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £65,000 (2017 - £115,000).

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

	2018 £'000	<i>2017 £'000</i>
Admin expenses	1	1
Current Service Cost	282	230
Net interest on the defined liability (asset)	48	37
	<hr/>	<hr/>
Total	331	268
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	3,376,000	<i>3,073,000</i>
Current service cost	282,000	<i>230,000</i>
Interest cost	88,000	<i>65,000</i>
Actuarial gains	(347,000)	<i>(18,000)</i>
Estimated benefits paid net of transfers in	(13,000)	<i>(15,000)</i>
Contributions by Scheme participants and other employers	44,000	<i>41,000</i>
	<hr/>	<hr/>
Closing defined benefit obligation	3,430,000	<i>3,376,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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20. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	1,443,000	1,246,000
Estimated benefits paid plus unfunded net of transfers in	(13,000)	(15,000)
Interest income	40,000	28,000
Actuarial losses	25,000	35,000
Contributions by employer including unfunded	124,000	109,000
Contributions by Scheme participants and other employers	44,000	41,000
Administration expenses	(1,000)	(1,000)
	1,662,000	1,443,000
	1,662,000	1,443,000

21. Operating lease commitments

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	1,100	1,605
Between 1 and 5 years	7,248	8,348
After more than 5 years	6,145	7,248
	14,493	17,201
	14,493	17,201

22. 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.

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23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

The Charitable Company is related to The Reading Foundation, a Charitable Company registered with the Charity Commission in England and Wales under charity registration number 294640. The Reading Foundation owns the freehold of the land and buildings which comprise the main site for the School that have been leased on a long term basis (125 years from 2011) to the Academy. The rent payable under the lease is a peppercorn only, and The Reading Foundation works closely with the Academy to determine what capital projects are necessary and to assist with the raising of funds to finance those projects.

Contributions received from the Reading Foundation totalled £207,690 (2017: £58,273) and as at 31 August 2018 the Academy was owed £Nil (2017: £3,553). Income of £15,582 (2017: £14,052) was received from Old Redingensians and the Academy was owed £Nil (2017: £Nil) at the year end. Income of £32,805 (2017: £Nil) was received from Reading School Parents' Association and the Academy was owed £Nil (2017: £Nil) at the year end.

In 2018 £122 was paid to The Hackwood Partnership for immunisations. S Bowen, a governor of Reading School is also a partner in the practice. No such transaction occurred in 2017.

24. Agency Arrangement

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £6,227 and paid out £1,233. The balances have been net off to eliminate the income and expenditure relating to this agency arrangement.

READING SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. Academy boarding trading account

	2018		2017	
	£	£	£	£
Income				
Fee income		938,320		828,234
Other income		<u>8,866</u>		<u>12,861</u>
		947,186		841,095
Expenditure				
Direct costs	<u>199,705</u>		<u>176,014</u>	
Indirect costs				
Staff Costs	140,371		108,817	
Utilities	70,402		72,663	
Rent and rates	11,953		10,452	
Insurance	2,504		1,528	
Buildings maintenance	95,004		89,682	
Depreciation	57,395		58,960	
Other indirect costs	<u>292,394</u>		<u>300,777</u>	
Total indirect costs	<u>670,024</u>		<u>642,879</u>	
Total operating costs	<u>869,728</u>		<u>818,893</u>	
Net (expenditure) / income	<u>77,458</u>		<u>22,202</u>	
Transfer between funds	<u>0</u>		<u>58,960</u>	
Net movement in funds	<u>77,458</u>		<u>81,162</u>	
Reconciliation of funds				
Funds brought forward at 1 September	<u>334,208</u>		<u>253,046</u>	
Funds carried forward at 31 August	<u>411,666</u>		<u>334,208</u>	