

Company Limited by Guarantee
Registration number: 07475515 (England and Wales)

READING SCHOOL
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

**READING SCHOOL
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READING SCHOOL REFERENCE AND ADMINISTRATIVE DETAILS

ACADEMY MEMBERS AND TRUSTEES/ GOVERNORS 2015/16

(All current members are also trustees)

J Bannister *
S Bowen
J Chhokar +
R Childs *
M N J Faulkner
D R Fisher *
R P Huggins §
D A Jubb
A K Kay
R J Kenwrick
R Manghnani (resigned 31 August 2016)
S Nortcliff
M L Parsons §
B Reynaert
A M Robson #
S Rogers+
K Ross MBE (appointed 1 April 2016)
D Smith
M Stock *
C Toms (resigned 31 March 2016)

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

More details of each Governor's background and areas of interest are available on the School's website.

LEADERSHIP TEAM 2015/16:

- . DEPUTY HEADMASTER T Harris (resigned 31 August 2016, replaced by C Evans)
- . ASSISTANT HEADTEACHER J Capon
- . ASSISTANT HEADTEACHER C Harden
- . SCHOOL BUSINESS MANAGER P Richardson (resigned 31 August 2016 replaced by A Snow)

HEADMASTER A M Robson

REGISTERED OFFICE Reading School
Erleigh Road
Reading
Berkshire, RG1 5LW

COMPANY NAME Reading School

COMPANY REGISTRATION NUMBER 07475515 (England and Wales)

**READING SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS**

INDEPENDENT AUDITOR

Crowe Clark Whitehill LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire RG1 1PL

BANKERS

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

SOLICITORS

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

**READING SCHOOL
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

TRUSTEES' REPORT

The Governors and Academy Trustees present their annual report, together with the financial statements and auditor's report of Reading School for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Reading School is currently run as an academically selective secondary day and boarding boys' school. It was previously a Foundation School, and converted to Academy status on 1 February 2011. It has 966 students on its roll as at 1 September 2016 (following an increase in its Year 7 intake to 150), 77 of whom are boarders.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Members' Liability

Reading School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

Trustees' Indemnity

The School has taken out a combined insurance policy covering public liability and professional indemnity (including Governors, trustees and teaching and administrative staff) for liability arising from negligent acts, errors and omissions committed in good faith, notified during the insurance period. The cost of the policy was £4,792 for the year (2014/15: £3,396). Cover is provided up to an aggregate of £2,000,000 in the insurance year.

Method of Recruitment, Appointment, Election, Induction and Training of Governors

Staff vacancies on the Governing Body are filled by election, the electorate comprising all teaching and associate staff. Dr Andrea Materlik resigned from the Governing Body with effect from 31 August 2015, and Mrs Jasbir Chhokar was elected to replace her from the start of 2015/16.

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. None of these places fell vacant in 2015/16, and the next scheduled vacancies for parent governors will occur in December 2016

Two places on the Governing Body are reserved for representatives of the Reading Foundation. Mr Rodney Huggins and Dr Martin Parsons were the Foundation's representatives on the Governing Body in 2015/16, having been appointed for the period up to 2019.

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Method of Recruitment, Appointment, Election, Induction and Training of Governors (continued)

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 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. Two new appointments were made in 2015/16; Mrs Deidre Smith, from the start of the year, and Mrs Karen Ross MBE, who replaced Claire Toms, following the expiry of her term of office in April 2016.

All Governors are appointed for a period of four years. 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). The term of office of one Trust-appointed Governor – Dr Susan Bowen - came to an end in December 2015, and the Trust agreed to her re-appointment for a further period 4 years.

Policies and Procedures 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. These induction arrangements were reviewed in the 2015/16 school year to make sure that they are fit-for-purpose, and will enable new governors to become fully effective in the shortest possible timescale.

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), and the Vice-Chair of the Governing Body (Mrs A Kay), was responsible for monitoring the extent and appropriateness of training offered to governors in 2015/16. Inevitably, the budget available for training is limited, and one way of addressing this is to maximise in-house training sessions for governors. In 2015/16, there were in-house sessions run by school staff on strategic options for the future of the School, and on Boarding. Joint staff-governor training sessions were arranged on the government's PREVENT strategy, aimed at preventing extremist views and violence amongst students, and on safeguarding.

The Chair, Vice-Chair and other members of the Governing Body attend regular briefings 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 Modern Governor and The Link, which offer a range of on-line briefings and training courses for governors.

Organisational Structure

The Academy Trust Members/Governors have responsibility for setting and monitoring the overall strategic direction of the Charitable Company and the School, approving decisions reserved to Governors and appointing 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 six 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.

Governor committees have also been established to consider detailed matters. In 2015/16, there were four main committees, each of which met five times in the course of the year:

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

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Organisational Structure (continued)

In 2015/16, the Governing Body also trialed an Audit and Compliance Sub-Committee of the Finance Committee, which met four times in the course of the year, although it has since agreed to discontinue this arrangement.

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

Additionally, a Staff Pay and Performance Committee was established from the start of 2015/16, to consider personnel matters, and met twice in the course of the year.

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). These did not need to meet in 2015/16

An Admissions Committee is responsible for approving the Admissions Policy and non-routine admissions. This Committee met on three occasions in 2015/16.

A committee of Governors with the participation of an external advisor undertakes the annual performance review of the Headmaster and monitors performance and achievements against targets. This Committee met on three occasions in 2015/16, including a meeting to review the Headmaster's development needs.

Ad hoc groups of Governors are also established as and when required to consider specific issues and make recommendations to the Governing Body. In 2015/16, a Working Party set up by the Academy Trust to look at future strategic options for the School and the governing body met on a number of occasions to review and research the relevant issues. This Working Party is due to submit an interim report to the Governing Body in December 2016.

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.

Periodically, development "away days" are held with Governors, senior staff, trustees of The Reading Foundation (the owners of the main School site) and other relevant specialists. A record of each development away day is kept and fed into the work of the committees and the Governing Body. One such day was organised in March 2016.

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, visit departments, sit in on classes and report back to the relevant Committees on the outcomes. Other link governors assume responsibility in particular areas of School life, for example health and safety, pupil premium, safeguarding, careers, special educational needs, information technology, the CCF, facilities management, sporting activities, boarding etc. Efforts have been made to sustain the effectiveness of the link governor system in 2015/16, and this 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.

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Organisational Structure (continued)

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 2015/16 comprised the Business Manager, the Deputy Headmaster and the two Assistant Headteachers. 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.

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 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 2015/16.

Relationships with Related Parties

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".

It 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.

Representation on Other Bodies

The Headmaster is a trustee of The Reading Foundation. Richard Childs, Angie Kay, and Stephen Nortcliff represent the Governing Body on the Reading Foundation. The Governing Body is affiliated to the National Governors' Association.

**READING SCHOOL
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OBJECTIES AND ACTIVITIES

Objects and Aims

Reading School has operated as an independent Academy funded by the Education Funding Agency (EFA) 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.

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, covering 2013 to 2018, which was approved by the Governing Body on 1 July 2013, together with a series of annual Operational Plans (the Operational Plan for 2015/16 was approved by the Governing Body on 7 July 2015, and a further Plan for 2016/17 was approved on 4 July 2016).

All committees viewed and discussed these plans in advance of adoption. The Operational Plan is monitored as a standing agenda item at each committee meeting. The plans 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 5-year strategic plan will be reviewed and updated in the near future.

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 2015/16, are set out in the Trustees' report in Section 3, 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 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 Committee 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

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 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.

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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Academic Performance 2015/16

2015 examination results

In reviewing the outcomes for 2015 at its September meeting, the School's Curriculum and Standards Committee noted that Reading School continues to excel in terms of the academic results achieved by its students.

At GCSE, just over 50% of all entries scored A*, 86.1% of all entries were graded A*-A, and 96% of boys each achieved at least 5 A* to A grades. 99.6% of all grades in all subjects were A* to C grades. According to *The Daily Telegraph* analysis, the School was the 8th best state school in terms of GCSE performance.

At AS level, 81.1% achieved A or B grades.

At A Level, 98.4 % of entries achieved grade A* to C, with 93.8% gaining A* to B grades – a marked improvement on 2014. Analyses by both *The Times* and *The Daily Telegraph* ranked the School as the 4th best performing state school at A level.

As well as these excellent exam results, the School showed significant pupil progress according to Government measures (e.g. Progress 8) and was in the top 10% of all schools nationally for value-added progress and top 10% of selective schools nationally for high attainment. In addition, the School was able to show a positive impact in terms of the accountability measures relating to closing the gap between vulnerable students and others, attainment (points score per entry), English and Maths, retention and post-school destinations.

2016 examination results

Initial analysis of the results released in August 2016 indicates that, once again, Reading School students have surpassed previous performances and have achieved a record set of GCSE examination results. Overall, 90.42% of entries were awarded A*-A, with a record 60.28% achieving A*. 95.2% of candidates achieved the English Baccalaureate. 100% of candidates gained 5 A*-C grades, 95.2% gained 5 A*-A grades and 59.7% gained 11 A*-A grades. Twelve students gained 11 A* grades. In Mathematics, 100% of grades gained were A*-A, and 100% A*-A grades were achieved in Drama, Music and Latin.

At AS level, 86.5% of all entries achieved A-B grades, the best performance since the introduction of AS examinations.

At A Level, 89.4% of entries achieved A*-B, and 96.8% achieved A*-C grades. 100% of students gained A*-A grades in Art, English Literature, English Language and Literature, English Literature, Latin and History, and 79.2% of the 130 Maths students at A Level were graded A*-A. 100% of French, German and Latin AS students gained A-B, breaking a national trend for the achievement of boys in languages.

Review of Achievements in 2015/16

The Governors have reviewed the performance of the Academy Trust and the School in 2015/16, and have highlighted significant progress and achievement during the year, as follows:

Curriculum and Standards

Work undertaken in the year included:

- Continuing to monitor the successful Link Governors Scheme where each Governor is linked to a curriculum or other area of the School. The links to curriculum areas have proved exceptionally useful, both in establishing closer ties between Governors and Staff, but also enabling the committee to be more knowledgeable about changes and challenges across the whole curriculum.

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Curriculum and Standards (continued)

- Detailed preparation for changes to the curriculum at both GCSE and A-level, based on a review of the whole of curriculum at Reading School in the light of the changes to GCSEs (with the focus on the English Baccalaureate), to the relationship between AS and A-levels, and to the OFSTED expectations on careers. A new timetable allocation has been agreed for introduction in 2016/17.
- Careful consideration of the impact of sixth form subject option choices made by students, with signs that efforts to retain a broad curriculum at this level are achieving some success (e.g. increased numbers opting for languages in 2016/17)
- In conjunction with the Admissions Committee, finalising plans to increase the entry to the School in Year 7 to 5 forms (150 pupils in total) from September 2016, which will both improve the School's financial position and assist in its plans to support social mobility by increasing scope to admit more pupils from disadvantaged backgrounds.
- Monitoring Quality Assurance and Self-Evaluation process improvements at departmental and school level to ensure 'Excellence' in teaching is achieved in all departments.
- The development of sustainable curriculum strategy for Ancient and Modern Languages at Reading School based on a new combined department.
- Reviewing and further developing the School's international and local partnerships with other schools, including schools in India, China, Denmark and Kenya, and the successful Future Stories project in primary schools in Reading.

Admissions

The Governing Body's Admissions Committee has carefully reviewed the School's admissions policies in the course of 2015/16. Given that the School is a selective school, and given its record of outstanding academic success, the School does not wish to change 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 and admissions of students from vulnerable and deprived backgrounds. To this end, the Committee has:

- Finalised arrangements to increase admissions in Year 7 to 5 forms of 30 students each from September 2016;
- Confirmed the proposals to abolish Year 9 admission to the School with effect from 2017/18;
- Continued to support the Future Stories Community Project, working with primary schools (particularly within Reading Borough) which are in need of support to raise awareness of, and aspiration towards, the opportunities offered through application to Reading and Reading Schools.

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External Relations and Pastoral Care

Work undertaken in the year included:

- A very thorough review of the School's Special Educational Needs and Disability (SEND) provision.
- A review of student rewards and rewards policy
- A comprehensive safeguarding audit, and follow-up of findings
- Improving the School's approach to the active promotion of British Values and countering of violent extremism, anti-Semitism and radicalisation.
- A survey of parental views, and follow-up action on the issues which emerged.
- A staff welfare survey.
- Monitoring and reviewing co-curricular provision in the School, and seeking to maintain the optimum level of provision from the resources available.
- Continuing to monitor and improve boarding facilities.
- Taking a more organised and rigorous approach to governor training, and meeting the training and development needs of governors in the future, so as to ensure a good balance of skills and expertise within the Governing Body.
- Overseeing a Self Evaluation exercise of the Governing Body, and identifying ways of improving the effectiveness of governors' meetings, governors' relationships with staff, and governors themselves
- Continuing to operate and develop the arrangements whereby student representatives (the School Captain and Vice-Captains) regularly attend meetings of the Committee and have input to its work.

Finance

Work undertaken in the year included:

- Successful completion of the 2014/15 audited accounts, with an unqualified auditors' assessment.
- Careful monitoring of 2015/16 income and expenditure, in a tight financial environment, and ensuring that targets were hit.
- Monitoring the School's financial control environment successfully, through Responsible Officer reports and a swift response to audit recommendations for minor improvement.
- Setting in train a rolling review of the School's risk register.
- Setting a budget for 2016/17, in an extremely challenging financial climate in which the funding provided to the School is not keeping pace with rising costs; it has been necessary to set a deficit budget for 2016/17, but with a clear plan that additional income from higher pupil numbers in 2015/16 will improve the School's budget position in future years.
- Contributing to major capital projects from a finance perspective (Science Development etc.)
- Renewal of the School's audit and accounting contract in line with value-for-money principles, and extension of the current catering contract on the same principles.
- Looking at the scope for improved fundraising arrangements for the School on behalf of the Governing Body, working in partnership with the Reading Foundation.

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Property and Projects

Achievements in 2015/16 included:

- Monitoring the construction of the new Science building, and working hard ensure that is completed as soon as possible after the start of the 2016/17 School year, notwithstanding the contractual problems which have arisen.
- Work on plans for a new Sports Hall to the point of submitting a planning application to the local authority (although this project has now been paused pending funding being identified – see Future Challenges below).
- The conversion of the former squash courts into a new fitness suite.
- A successful bid for grant monies from the Education Funding Agency for undertaking refurbishment of the gymnasium and changing rooms.
- 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.
- Review and updating of the School's development Master Plan to reflect current priorities.
- Repairs to school boundary walls and fences which are important in the safety/safeguarding context.
- Review and updating of Health and Safety policies, and the approval of a new Accessibility Plan.

On a less positive note, the School has had to accept that the age of much of the plant and health and safety considerations mean that the swimming pool has become uneconomic to maintain, and has agreed to its closure, although options for a new pool on the same site are under investigation.

Boarding

Boarding at the School has continued to improve in terms of both facilities and numbers, and there are now nearly 80 boarders. New facilities (such as the Medical Centre), better maintenance and security, and improved staffing arrangements have contributed to the success of Boarding.

Development Fundraising

Development Fundraising remained a high priority for the School in 2015/16. The primary emphasis has been on raising funds for the Science Project. Whilst this project secured ACMF funding, this did not cover its full costs, and the School required major fundraising to secure the funding for the parts of the project not covered by the ACMF grant, which amounted to more than £500,000.

The School has had some success, and has secured grants from the Wolfson Foundation and the Garfield Weston Foundation, as well as individual donations and pledges. However, this has not secured the full amount required for the project and the School will need to use monies from other development funds to complete the project.

This has in turn led to the developments referred to under Finance above, with the the scope for improved fundraising arrangements currently being examined, working in partnership with the Reading Foundation.

As noted above, the Sports Hall project has been paused at this stage, as there is no realistic prospect of raising the funds required in the immediate future.

On a more encouraging note, the School has secure CIF grant funding, (which replaced ACMF grant funding in January 2015), for the refurbishment of the gymnasium and changing rooms, and has been able to fund the conversion of the former squash courts into a fitness suite.

The School gratefully acknowledges the financial support provided by the Reading Foundation towards a number of projects.

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Development Fundraising (continued)

Donations and bequests have enabled the School to fund a rich programme of extra-curricular activities for students, and the Inspire Awards, which are designed to encourage staff to take on additional responsibilities to enrich the School's offering in specific areas of activity. The School is anxious to ensure that funding remains in place for these activities to continue.

Partnerships

The development of partnerships at local, national and international level is fundamental to the future development of the School. The School has continued its involvement in successful partnerships in 2015/16:

- At local level through the Future Stories project (aimed at raising aspirations in Reading Primary Schools), the Reading First project and links with Reading University
- At national level through (amongst others) the Boys' Association of Selective Schools (BASS), the Boarding Schools Association (BSA) and the Grammar School Heads Association
- At international level through the International Boys' School Coalition, and partnerships with schools in Canada, Denmark, India, Australia and China

Sporting, musical, cultural and other 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 2015/16 were:

- A student being shortlisted for the CILIP Pupil Library Assistant of the Year Award 2016, an award run by the Chartered Institute of Library and Information Professionals.
- Members of the School Robotics Club, aka Black Thunder, winning the Judges' Award as well as coming fifth overall in the National Final of the First Lego League Competition.
- The Senior Jazz Band winning the Chipping Norton Youth Jazz Band Challenge.
- The School winning 8 gold and 8 silver medals at the 2016 Biology Olympiad.
- A student winning an under 14 gold medal at the English Open Taekwondo Championships.
- The School breaking a world record when over 800 students gathered on the School field dressed as Harry Potter, raising over £800 for the Refugee Council's Syrian Refugee Appeal in the process.
- The Key Stage 3 team winning the National Final of the Schools Badminton Championships.
- Reading School's chess team winning the ECF National Schools U19 Chess Championship in Uppingham for the second time in 3 years, highlighting the remarkable talent for the game within the School.
- Victory in the regional Geographical Association quiz 2015, which involved 23 teams from 11 different schools from Berkshire, Surrey and Hampshire.
- The annual Reading School inter-house music competition held at Reading Town Hall in November, where a packed house was treated to outstanding performances.
- The School's participation in the Public Speaking World Championships in Pittsburgh in April 2016

**READING SCHOOL
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Conclusions

The academic and other successes in 2015/16 show that Reading School continues to be one of the highest performing state schools in the country. We are pursuing 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 as an Academy 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 700 applications for day places at the School at Year 7 and a further 30-40 for boarding places, also at Year 7. For 2017 entry, we received a total of 941 direct applications for day and boarding. The range of our feeder schools is diverse geographically. Our student population is ethnically and socially diverse with 54% 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.

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, and the Future Stories Project.

Key Performance indicators

Academic performance and other achievements are covered in the Review of Achievement 2015/16 above.

Other performance data for 2015/16:

- Number of permanent exclusions: 0
- Number of fixed-term exclusions: 3
- Number of racist incidents: 3
- Number of incidents of bullying: 3
- Overall school attendance: 97.7%
- Pupil Lateness: 0.77%

Overall, these figures are very positive and trends from previous years are good, but a number of learning points have emerged from the extensive behaviour review undertaken this year, resulting in recommendations and action points, which the senior leadership team, working in partnership with staff, pupils, parents and governors, will implement.

Financial and investment performance data:

Department for Education funding in 2015/16 reduced to £4.41m (2014/15 £4.45m) despite stable pupil numbers. This, combined with upward cost pressures from cost of living and performance related pay awards, meant that significant budget savings had to be made in other areas, including premises maintenance and curriculum resourcing. Through careful budget management and not always replacing staff leavers on a like for like basis, the School has generated a small surplus on its core educational activities.

The School is very grateful to the Reading Foundation for its generous funding of capital maintenance works to the listed buildings which could not otherwise be afforded.

The School has benefited from £2.88m capital funding from the Academies Capital Maintenance Fund which has been received over three financial years 2013/14, 2014/15 and 2015/16. This will fund the building of seven new biology and chemistry laboratories in a new science building, which is now due for completion in early 2017. The furnishing of the laboratories and landscaping works around the new building are being funded by a combination of grants, bequests and fund raising. The total project cost is estimated to be £3.7m.

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Key Performance indicators (continued)

Static boarding numbers has resulted in fee income increasing by 1.5% to £869k (2014/15: £856k). Boarding fees are set on the basis of budgeted cost, plus an 8% rate of return as required by the Department for Education.

The School had cash balances at the year end of £1.9m. Total interest income for 2015/16 was £4,297 (2014/15: £2,730).

Extra-curricular activities are funded by parental donations and the School also invites donations and bequests from the wider community and alumni towards its activities and building development. Total gift and donation income in 2015/16 was £547.9k. In addition the School received support from the Reading Foundation of £265.2k and the Old Redingensians of £7.0k.

Going Concern

After making enquiries, the Board of Trustees considers that the Academy Trust has the resources to continue to operate. It continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

Financial Outcome of Activities and Events

Most of the Academy's revenue income comes from the Education Funding Agency (EFA) 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, with increased entry numbers at Year 7 and in the sixth form.

The Academy also received a small annual devolved formula capital grant in 2015/16, which has been applied to the refurbishment of the gymnasium and changing rooms (in addition to the Condition Improvement Fund grant referred to below).

In addition in 2015/16, Reading School received Academies Capital Maintenance Fund/Condition Improvement Fund grants to undertake capital improvements at the School.

- £1,107,320 towards the Science Project (i.e. the building of new Chemistry and Biology labs)
- £158,522 towards the refurbishment of the gymnasium and changing rooms.

The School was able to set and deliver a balanced budget for 2015/16, but, for reasons explained above, has set the 2016/17 budget with a small deficit. It expects to return to balanced budgeting in future years.

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 increased slightly in 2015/16, with additional fee income being allocated to improvements in facilities.

As at 31 August 2016 the net book value of fixed assets was £ 14,242,414 (2015: £12,272,335).

The operating surplus for 2015/16 was £1,264,951 (2014/15: £1,644,197).

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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 under the auspices of the 1125 Fund. In 2015/16 these funds have been used to partially fund the completion of the Science project. The balance of these funds is in reserves.

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. In 2013/14 the Governors recognised that the proposed significant changes to the GCSE and A Level curricula could not be fully funded from the reducing annual grant allocation and agreed that reserves could be used to resource the curriculum changes, this has continued during 2015/16. The School has set a small deficit budget for 2016/17 and has started to increase pupil numbers to offset expected further reductions in funding from the Department of Education. The Governors do not anticipate having to use reserves to support the School's core educational activities in 2016/17.

The Governors review the reserves policy annually.

At the date of the balance sheet, the Charitable Company had free reserves of £671,104 (2015: £501,963).

Investment Policy

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 £4,297 during the 2015/16 accounting period (2014/15: £2,730).

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 Science Project 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 have been made to bridge the funding gap caused by reductions to revenue funding. 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 income in future years. The main means of doing so is through increased pupil numbers, and the School has already increased student numbers in the sixth Form, and will increase admissions in Year 7 from September 2016.
- 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, but the signs in 2015/16 were encouraging, particularly in respect of the numbers of students opting for languages. Governors will continue to monitor the position, and the 2016/17 Operational Plan sets out action aimed at sustaining curriculum breadth.

**READING SCHOOL
TRUSTEES' REPORT
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Principal Risks and Uncertainties (continued)

- The need to manage and control the financial risks associated with major projects, such as the Science Project, and particularly the need to be able to raise additional funds at local level to support such projects. The position on fundraising and the use of funds raised is regularly and closely monitored by governors in Committee meetings.
- In this context, there is still a pressing need to generate development funding for sports facilities, co-curricular activities etc, with a need to ensure that School and the Reading Foundation are firmly focussed on new and existing fundraising options. New protocols and responsibilities for fundraising are currently being developed.
- 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 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. This is now subject to continuous updating by Governors through a rolling review process.

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:

- Health and Safety Statement and Policy
- Risk Assessment Policy
- Register of Risks

It is confirmed that, in the process of agreeing the Operational Plan for 2016/17, of setting school budgets for 2016/17, 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.

**READING SCHOOL
TRUSTEES' REPORT
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Insurance

The School currently has a combined insurance policy covering buildings, contents and employer's liability. The levels of cover required were reviewed by Governors in June 2013, and the School's 3 year contract was retendered with effect from 1 February 2014, in accordance with EFA advice. The School increased its level of cover within this policy in 2014/15 to £34m.

The Governors have agreed that, when this contract ends on 31 January 2017, the School will move to the Government's Education Insurance and Risk Protection Arrangement, in order to minimise future insurance costs.

PLANS FOR FUTURE PERIODS

The School's long-term strategy is currently set out in the Strategic Plan 2013-2018 which is available on the School's website. There is also a detailed Operational Plan for 2016/17, which was approved by the Governing Body on 4 July 2016, and is too detailed to set out in full here. The following summarises key elements of the latter:

Academic Aims

Reading School is outstandingly successful when measured by examination results and the successful placement of leaving students in their chosen universities and occupations. The Governing Body aims to maintain this success. Additionally the Governing Body aims to:

- Continue to drive up further student attainment, particularly at A-level. We aim for:
 - More than 90% of A-levels at grade A* to B
 - More than 85% of GCSEs at grade A* to A
 - Academic Departments to be ranked in the top 10 of Boys Academic Selective Schools in England at GCSE
- Embed the new Key Stage 3 and 4 and A-level curriculum models so that they are sustainable and challenging academically, enable choice and specialisation at the appropriate stages, particularly in the new 3-year Key Stage 4 and the sixth form.
- Embed the new Reading School Languages Strategy.
- Offer improved careers education.
- Improve the approach to promoting British Values and countering extremism, anti-Semitism and radicalisation.
- Continue to strengthen and develop Reading School's local, national and international strategic partnerships to benefit learning, and raise the understanding and appreciation of international culture and literature.
- Continue to develop a culture and ethos, philosophy and culture encompassing the academic, pastoral, spiritual and physical dimensions of our school, and review the spiritual, moral, social and cultural provision so that it maximises the potential of every Reading School student.
- Develop our capacity as a leading academic school to promote excellent approaches to teaching and learning, and develop strategies for ensuring excellence in the quality of teaching across all subject areas (including the use of technology to enhance teaching), with the target of Excellence in teaching over time in all departments.
- Develop the role and skills of academic leadership in the School and build staff capacity to improve performance, as well as reviewing opportunities for staff development, reward and recognition.
- Achieve good staff retention rates and the recruitment and development of high quality staff, especially in the national shortage areas of Maths and Science.

**READING SCHOOL
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The breadth of the curriculum

Maintaining the breadth of the School curriculum remains an important issue, and the School needs to build on the progress in 2015/16 by further promoting the English baccalaureate as part of the new 3-year Key Stage 4 curriculum to ensure a broad balanced curriculum offer with an emphasis on quality.

Developing our students

Developing the integrity and leadership capacity of our students remains a high priority, and there are plans to ensure that we develop and enhance pastoral roles and structures (e.g. the House System and prefects), the student rewards system, staff capacity and the opportunities inherent in our partnerships towards this end.

Science facilities

The school faced an immediate challenge at the start of 2016/17 of completing the new Science building, following the contractors going into administration. The position needed to be remedied as a matter of urgency, so that the new facilities were available for use by students at the earliest possible date.

Sports facilities

The Governing Body has agreed that, following completion of the Science building, major improvements to the School's sports facilities are a high priority. Developing proposals and obtaining funding for these will demand the highest levels of effort and creativity. Whilst plans for a new Sports Hall have been drawn up, further progress has been stalled by issues over planning permission and funding. This means that the upgrading of existing facilities is urgent, and it is vital that:

- The School obtains maximum value from the new fitness suite;
- The improvements to the gym and changing rooms are completed as soon as possible;
- Any realistic opportunity to restore an on-site swimming pool is taken; and
- Governors and staff work together, with support from parents, to identify other affordable improvements.

The strategic future of the School

Governors are very alert to the changing landscape of state education policy and structures in England, and, in particular, the changes proposed in the Education White Paper earlier in 2016. Governors are anxious that the School plays an active role in the proposed changes, and, just as important, that the School remains in control of its destiny, and is fully able to retain its current ethos and standards. To this end a governor working party has been reviewing the School's strategic options, including such issues as possible Multi Academy Trust status and more formal partnerships. This working party will report back to the Governing Body and the Trust in 2016/17, so that the School can begin developing and implementing a strategy to secure the most beneficial outcomes.

Admissions and social mobility

The increase in the number of Year 7 admissions in September 2016 to 150, will help us create further opportunities to support social mobility by admitting more students from vulnerable and disadvantaged backgrounds, and we will continue to do so by reviewing admissions arrangements (with no compromising of academic standards) and building on the success of the Future Stories project.

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Fundraising

The funding requirements for Science and Sport, alongside other demands such as the Inspire awards and the extra-curricular programme, will mean that fundraising will be more important than ever. Efforts will need to be made to ensure that the energies of staff and governors are channeled in the most productive manner, and, in particular, to implement successfully new fundraising arrangements in partnership with the Reading Foundation and to develop and broaden the involvement in the School of alumni, working in partnership with the Old Redingensians Association.

Other challenges:

- Sustaining the current successes in boarding, with a minimum 75 boarders on the roll in September 2017.
- Developing our own skills and effectiveness as governors so that the ethos of Excellence, Integrity and Leadership is strengthened in the School.
- Completing the continuing programme of high priority repair and refurbishment projects, working in partnership with the Reading Foundation.

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.

AUDITOR AND AUDIT STATEMENT

Audit Statement

In so far as the Governors are aware:

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

The auditors, Crowe Clark Whitehill LLP who were appointed during the year, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Governors' Annual Report is approved by order of the Governing Board and the strategic report (included therein) is approved by the Governing Board in their capacity as the directors at its meeting on and signed on its behalf by:

.....
R J Kenwick
Chair of Governors

READING SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge that 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 Governing Body has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring that 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. The Headmaster is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the year (the AGM took place alongside one of the 5 regular meetings). Attendance during the year at meetings of the governing body was as follows:

Governor	Possible attendance	Actual attendance
J Bannister	6	5
S Bowen	6	5
J Chhokar	6	4
R Childs	6	6
M Faulkner	6	6
D Fisher	6	5
R Huggins	6	6
D Jubb	6	6
A Kay	6	6
B Kenwrick	6	6
R Manghnani	6	5
S Nortcliff	6	3
M Parsons	6	2
B Reynaert	6	4
A Robson	6	6
S Rogers	6	4
K Ross	3	3
D Smith	6	5
M Stock	6	5
C Toms	2	2

The Governing Body is now actively engaged in the self-evaluation of governance, with reviews of the effectiveness of the Governing Body, of individual Committees and individual governors, as well as of overall governance arrangements.

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 such matters to the governing body on a regular basis. Mr David Jubb, who is a qualified accountant, chairs the committee. Attendance at meetings in the year 2015/16 was as follows:

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Governor	Possible attendance	Actual attendance
J Bannister	5	3
R Childs	5	5
D Fisher	5	4
D Jubb	5	5
A Kay	5	5
B Kenwick	5	3
S Nortcliff	5	4
A Robson	5	4
S Rogers	2	0
D Smith	5	5

The following table shows total attendances by governors at all main Committee and Governing Body meetings in the 2015/16 school year:

Governor	Possible attendance	Actual attendance
J Bannister	16	11
S Bowen	16	13
J Chhokar	14	12
R Childs	16	16
M Faulkner	16	16
D Fisher	16	13
R Huggins	11	9
D Jubb	16	16
A Kay	26	23
B Kenwick	26	20
R Manghnani	16	5
S Nortcliff	16	12
M Parsons	6	2
B Reynaert	16	11
A Robson	26	22
S Rogers	16	10
K Ross	3	3
D Smith	16	14
M Stock	16	15
C Toms	6	6

**READING SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headmaster has responsibility for ensuring that the academy trust 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the utilisation of benchmarking data where available.

The Accounting Officer for the Academy Trust has delivered improved value for money during the year 2015/16 in the following areas:

- Educational Outcomes and resources including staffing and
- Financial Performance.

The academy trust has the potential to improve its delivery of improved value:

- The development of 'Advancement Strategies' linked to fundraising and other strategies encompassing the diversification of sustainable income generation.

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 2015/16, which in turn was shaped by the five year strategic plan, 2013-2018. It is evident from the exemplification that reductions in real terms, in funding, especially in the sixth form, have resulted in strategies being implemented so that the qualities of teaching and academic outcomes are maintained. Financial constraints are real and pressing and have led to Reading School seeking to provide even greater value for money.

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 linked explicitly to the guidance.

Educational Outcomes and resources including staffing

- Effective tracking of student progress and achievement to ensure support and interventions are targeted to realise the best outcomes. For instance, through intervention strategies and mentoring schemes at Key Stage 4, resulting in over 90% A*-A grades at over 60% A* grades at GCSE in 2016.
- All Pupil Premium students have made at least three levels of progress in English and Maths
- 100% of disadvantaged students have made at least expected progress in English and Maths and the progress score for pupil premium students demonstrates excellent progress, within the top quintile nationally in 2016.
- Additional support, including revision classes for students, has been provided including opportunities for disadvantaged students in the majority of curriculum areas including English, Maths, Biology, Chemistry, Physics, Geography, History and Languages.
- The extensive co-curricular and enrichment activities complemented the academic curriculum provided students at Reading School with rich opportunities to achieve the highest levels of academic achievement and personal development.
- 2016 Examination results at AS show an improvement with 70.9% of the 651 entries graded at the highest possible level, grade A. A record 86.6% of the entries for the 158 candidates were awarded A-B grades, compared to 81.1% in 2015.

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- At A Level in 2016, results equated to our being placed 11th in the national rankings for all state schools. 66% of students gained at least AAB grades and 89.73% of grades awarded were A*-B. In addition, 97% of grades were A*-C for the 147 candidates.
- In 2016 we have focused on refining further our staffing structure, curriculum and timetable including numbers of lessons in order to ensure effective deployment of staffing resources and rooms. One of the key aims of these improvements is to ensure improved value for money as financial constraints are driving Reading School to do things differently.
- Refreshing and refashioning of the curriculum offer and lesson timings is part of a wider strategy that seeks to both improve educational outcomes and deliver necessary efficiencies. For instance, extensive planning has been undertaken to introduce successfully a three year Key Stage 4 which commenced in September 2016.
- Attendance in 2015/16 was over 97% overall which represents the highest quintile according to Ofsted data.
- Reading School works in partnership with other local schools especially through the Reading First and Future Stories programmes to improve educational outcomes. Collaboration, along with involvement of Reading University, has provided evidence of increased value for money in terms of professional development for staff, including senior and middle leaders,
- A renewed focus on internal capacity building has served to embed the introduction of the Classical Studies and Languages department, with increased uptake in the sixth form for languages, bucking the national trend.
- Average set sizes have increased in the sixth form and some subjects with non-viable option numbers have been curtailed.
- Significantly plans were successfully implemented enabling the introduction of a 5 form entry (compared to a 4 form entry) in Year 7 from September 2016. This is an integral part of an agreed strategy to increase opportunities whilst also providing excellent value for money.

Financial Performance

- Financial governance, monitoring and oversight is robust at Reading School. There is challenge evident relating to spending by the Finance Committee and also the full governing body.
- Purchasing takes in to account benchmarking exercises in relation to procurement and tendering in accordance with the provisions of the tender policy.
- A number of the members of the Finance Committee have extensive high-level international finance, accounting, legal and consultancy experience and expertise which ensures value for money is a key aspect of decision-making.
- The Chair of the Finance Committee is a qualified accountant, as is the Responsible Officer.
- Governors receive regular financial reports and recommendations from the School Business Manager and the external auditor.
- Expenditure, for all projects, is monitored against budget and significant variances are reported in accordance with the agreed financial procedures.

**READING SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

Area for Improvement – Income generation and fundraising streams

The trust could improve through:

- The Development of 'Advancement Strategies' linked to fundraising and other strategies encompassing the diversification of sustainable income generation. Whilst there has been success through Old Redingensians Association, the Reading Foundation and parents, the need for raising funds has become even more necessary following decreases in funding levels, especially relating to sixth form funding. Success in this area will enable us to improve quality and achieve greater value for money. The concept of 'Advancement' encompasses income generation and fundraising within a wider strategy that incorporates value for money considerations.

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 on-going process designed to identify and prioritise the risks to the achievement of Reading School's 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 ended 31 August 2016 and up to the date of approval of the Governors' annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which Reading School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy School's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the Governors' Annual Report and financial statements. This process is reviewed on behalf of the Governors by the Finance Committee, on a rolling review basis.

RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and Property 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; and
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr David Fisher, a governor, as Responsible Officer ("RO"). 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 (RSM UK Audit LLP for 2015/16) 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.

**READING SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

REVIEW OF EFFECTIVENESS

As Accounting Officer, A M Robson, 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, and the School's Responsible Officer;
- the financial management and governance self assessment process; and
- the work of the executive managers within Reading School who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on
its behalf by:

and signed on

.....
R J Kenwick
Chair of Governors

.....
A M Robson
Accounting Officer

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

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

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

I confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and the EFA or, if occurring after the date of this statement, will be notified to the board of trustees and the EFA.

.....
A M Robson
Accounting Officer

5 December 2016

READING SCHOOL
STATEMENT OF TRUSTEES' RESPONSIBILITY
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on
signed on its behalf by:

and

R J Kenwick
Chair of Governors

5 December 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READING SCHOOL

We have audited the financial statements of Reading School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the governors (who are also the directors of the Charitable Company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Governors' Report and any other surrounding information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF READING SCHOOL

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- 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

THESE ACCOUNTS HAVE NOT YET BEEN SIGNED

Alastair Lyon
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF READING SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Reading School during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body and the EFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Reading School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the EFA, for our review 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 of Education and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. The work undertaken to draw our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

Conclusion

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

Crowe Clark Whitehill LLP
Reporting Accountant
Reading

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READING SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016

(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

	Note	Un-restricted Funds £	Restricted Funds General £	Restricted Fixed Asset Funds £	2016 Total £	2015 Total £
Income from:						
Donations and capital grants	3	41,896	253,776	1,650,792	1,946,464	2,182,916
Other trading activities	4	461,197	-	-	461,197	353,529
Income from investment	5	4,297	-	-	4,297	6,030
<i>Charitable activities:</i>						
Funding for the Academy's educational operations	6	-	4,463,373	-	4,463,373	4,552,003
Provision of boarding activities	29	-	881,660	-	881,660	870,990
Total		<u>507,390</u>	<u>5,598,809</u>	<u>1,650,792</u>	<u>7,756,991</u>	<u>7,965,468</u>
Expenditure on:						
<i>Charitable activities:</i>						
Academy's educational operations		(338,249)	(4,807,775)	(442,813)	(5,588,837)	(5,521,211)
Provision of boarding activities	29	-	(903,203)	-	(903,203)	(780,060)
Total	7	<u>(338,249)</u>	<u>(5,710,978)</u>	<u>(442,813)</u>	<u>(6,492,040)</u>	<u>(6,301,271)</u>
Net income/(expenditure)		169,141	(112,169)	1,207,979	1,264,951	1,664,197
Transfers between funds	17	-	(306,234)	306,234	-	-
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(707,000)	-	(707,000)	24,000
Net movement in funds		169,141	(1,125,403)	1,514,213	557,951	1,688,197
Funds brought forward at 1 September		<u>501,963</u>	<u>(286,036)</u>	<u>12,963,015</u>	<u>13,178,942</u>	<u>11,490,745</u>
Funds carried forward at 31 August	17	<u>671,104</u>	<u>(1,411,439)</u>	<u>14,477,228</u>	<u>13,736,893</u>	<u>13,178,942</u>

All the Academy's activities are derived from continuing operations in the current financial period.

The notes on pages 34 – 57 form part of these financial statements.

COMPANY NUMBER: 07475515
READING SCHOOL
BALANCE SHEET
31 AUGUST 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	<u>14,242,414</u>	<u>12,272,335</u>
Current assets			
Debtors	14	340,529	536,979
Cash at bank and in hand		<u>1,888,099</u>	<u>2,033,128</u>
		2,228,628	2,570,107
Current liabilities			
CREDITORS: amounts falling due within one year	15	<u>(878,149)</u>	<u>(615,000)</u>
Net current assets		<u>1,350,479</u>	<u>1,955,107</u>
Total assets less current liabilities		<u>15,592,893</u>	<u>14,227,442</u>
Creditors: amounts falling due after more than one year	16	<u>(29,000)</u>	<u>(29,500)</u>
Net assets excluding pension liability		15,563,893	14,197,942
Pension scheme liability	28	<u>(1,827,000)</u>	<u>(1,019,000)</u>
Net assets including pension liability		<u>13,736,893</u>	<u>13,178,942</u>
Restricted funds			
General fund	17	415,561	732,964
Pension deficit	17	(1,827,000)	(1,019,000)
Fixed asset fund	17	<u>14,477,228</u>	<u>12,963,015</u>
Total restricted funds		13,065,789	12,676,979
Unrestricted funds			
General funds	17	<u>671,104</u>	<u>501,963</u>
Total funds	18	<u>13,736,893</u>	<u>13,178,942</u>

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

.....
R J Kenwick
Chair of Governors

The notes on pages 34 – 57 form part of these financial statements.

**READING SCHOOL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Cash flows from operating activities	23	668,740	272,132
Cash flows from investing activities	24	(805,043)	537,597
Cash flows from financing activities	25	<u>(8,043)</u>	<u>(7,436)</u>
Change in cash and cash equivalents in the year		<u>(145,029)</u>	<u>802,293</u>
Cash and cash equivalents at the beginning of the year		2,033,128	1,230,835
Total cash and cash equivalents at the end of the year		<u>1,888,099</u>	<u>2,033,128</u>

The notes on pages 34 – 57 form part of these financial statements.

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

1. CHARITY INFORMATION

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: 07475515). It is incorporated and domiciled in the UK. The address of the registered office is Reading School, Erleigh Rd, Reading RG1 5LW

2. ACCOUNTING POLICIES

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with certainty.

Grants Receivable

Grants receivable are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

General Annual Grant

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

Capital Grants

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

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

Incoming resources (continued)

Other income

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

Interest receivable is included within the statement of financial activities on a receivable basis.

Donated Services and gifts in kind

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

In respect of buildings transferred to the Academy from its previous form as a Foundation School, the open market value of this has been included within voluntary income under the Restricted Fixed Asset Fund. The cost of the building is depreciated over 50 years.

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.

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more, which have been acquired since the Academy was established, are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

Tangible Fixed Assets (continued)

Long leasehold buildings	- over 5 to 50 years
Plant and machinery	- over 3 to 10 years

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

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust 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.

Leased assets

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

Taxation

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

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 13, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors.

Restricted funds comprise grants from the EFA and other donors which are to be used for specific purposes.

Critical areas of judgement

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

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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

3. DONATIONS AND CAPITAL GRANTS

	Un- restricted Funds £	Restricted Funds £	Total 2016 £	<i>Un- restricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total 2015 £</i>
Devolved formula						
Capital DFC	-	22,270	22,270	-	-	-
DfE/EFA capital grants	-	1,628,522	1,628,522	-	1,668,327	1,668,327
Other donations	<u>41,896</u>	<u>253,776</u>	<u>295,672</u>	<u>122,299</u>	<u>392,290</u>	<u>514,589</u>
	<u>41,896</u>	<u>1,904,568</u>	<u>1,946,464</u>	<u>122,299</u>	<u>2,060,617</u>	<u>2,182,916</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

4. OTHER TRADING ACTIVITIES

	Un- restricted Funds £	Restricted Funds £	Total 2016 £	Un- restricted Funds £	Restricted Funds £	Total 2015 £
Exam fees	22,582	-	22,582	-	-	-
Income from recharge of services	20,877	-	20,877	9,610	-	9,610
Catering income	267,551	-	267,551	334,623	-	334,623
Miscellaneous income	144,917	-	144,917	-	-	-
Hire of facilities	5,270	-	5,270	9,296	-	9,296
	<u>461,197</u>	<u>-</u>	<u>461,197</u>	<u>353,529</u>	<u>-</u>	<u>353,529</u>

5. INVESTMENTS

	Un- restricted Funds £	Restricted Funds £	Total 2016 £	Un- restricted Funds £	Restricted Funds £	Total 2015 £
Short term deposits	4,297	-	4,297	2,730	-	2,730
Rent receivable under an operating lease	-	-	-	3,300	-	3,300
	<u>4,297</u>	<u>-</u>	<u>4,297</u>	<u>6,030</u>	<u>-</u>	<u>6,030</u>

6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Un- restricted Funds £	Restricted Funds £	Total 2016 £	Un- restricted Funds £	Restricted Funds £	Total 2015 £
DfE/EFA revenue grants						
General Annual Grant (GAG)	-	4,370,098	4,370,098	-	4,541,134	4,541,134
Other DfE / EFA grants	-	34,695	34,695	-	10,869	10,869
Other						
Trip income	-	58,580	58,580	-	-	-
Total	<u>-</u>	<u>4,463,373</u>	<u>4,463,373</u>	<u>-</u>	<u>4,552,003</u>	<u>4,552,003</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

7. RESOURCES EXPENDED

	Staff costs £	Premises £	Other costs £	2016 Total £	2015 Total £
Cost of generating voluntary income	-	-	338,250	338,250	-
Academy's educational operations					
Direct costs	2,897,611	-	384,042	3,281,653	3,150,543
Allocated support costs	679,698	442,963	835,014	1,957,675	2,311,461
Boarding provision					
Direct costs	150,294	-	29,940	180,234	156,877
Allocated support costs	126,024	310,402	286,543	722,969	623,182
Governance costs including allocated support costs	-	-	11,259	11,259	59,208
Total	<u>3,853,627</u>	<u>753,365</u>	<u>1,885,048</u>	<u>6,492,040</u>	<u>6,301,271</u>

The method used for the apportionment of support costs is disclosed in the accounting policies (note 2).

8. SURPLUS FOR THE YEAR

Surplus for the year is stated after charging:-

	2016 £	2015 £
Operating leases - other	1,695	3,312
Auditor's remuneration for audit services	11,600	14,415
Auditor's remuneration for other services	1,400	7,961
Gain/(loss) on disposal of fixed assets	<u>2,637</u>	<u>(63)</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

9. ACADEMY'S EDUCATIONAL OPERATIONS

	Un- Restricted Funds £	Restricted Funds £	Total 2016 £	Un- restricted Funds £	Restricted Funds £	Total 2015 £
<i>Allocated support costs</i>						
Support staff costs	-	805,722	805,722	-	875,148	875,148
Recruitment and support	-	49,199	49,199	-	108,554	108,554
Depreciation	1,879	491,494	493,373	-	419,998	419,998
Maintenance of premises and equipment	-	411,207	411,207	-	347,870	347,870
Cleaning	-	149,309	149,309	-	88,918	88,918
Rent & rates	-	44,441	44,441	-	46,359	46,359
Energy	-	139,986	139,986	-	155,446	155,446
Catering	250,134	201,660	451,794	277,720	193,988	471,708
Trips	-	53,464	53,464	-	-	-
Bank interest and charges	-	8,043	8,043	-	7,436	7,436
Pension finance cost	-	37,000	37,000	-	38,000	38,000
Other support costs	-	37,106	37,106	-	375,206	375,206
Governance Costs	-	11,259	11,259	-	59,208	59,208
	<u>252,013</u>	<u>2,439,890</u>	<u>2,691,903</u>	<u>277,720</u>	<u>2,716,131</u>	<u>2,993,851</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF

Staff costs

	2016	2015
	£	£
Staff costs during the year were:		
Wages and salaries	3,050,443	3,083,438
Social security costs	261,166	235,142
Pension costs – defined benefit schemes:		
Teachers’ Pension Scheme	360,306	314,623
Local Government Pension Scheme	181,712	<u>187,797</u>
	<u>3,853,627</u>	<u>3,821,000</u>

	2016	2015
	No.	No.
Charitable Activities		
Teaching	64	62
Welfare	5	5
Premises	6	6
Support	28	<u>30</u>
	<u>103</u>	<u>103</u>

	2016	2015
	No.	No.
The number of employees whose emoluments fell within the following bands was:		
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	-	-
>£100,000	<u>1</u>	<u>1</u>

Of the above employees earning more than £60,000 per annum, none participated in the Local Government Pension Scheme during the year ended 31 August 2016.

Included in staff costs are non-contractual severance payments totalling £15,000 (2015: £nil).

The Key management personnel of the Academy Trust comprise the trustees and leadership 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 £427,805 (2015: £429,372)

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

11. GOVERNORS' REMUNERATION AND EXPENSES

Executive Head Master and staff governors only receive remuneration in respect of services they provide undertaking the roles of Executive Head Master and staff and not in respect of their services as governors.

The value of the Head Master's remuneration and other benefits was:

A M Robson

Remuneration £85,000 - £90,000 (2015: £85,000 - £90,000)

Employer's pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

The value of staff governors' remuneration and other staff benefits was as follows:

A Materlik

Remuneration £nil - £nil (2015: £40,000 - £45,000)

Employer's pension contributions £nil - £nil (2015: £5,000 - £10,000)

S Rogers

Remuneration £40,000 - £45,000 (2015: £40,000 - £45,000)

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

J Chhokar

Remuneration £20,000 - £25,000 (2015: £nil - £nil)

Employer's pension contributions £0 - £5,000 (2015: £nil - £nil)

During the year ended 31 August 2016, travel and subsistence expenses were reimbursed to governors totalling £302 (2015: £260).

Related party transactions involving governors are set out in note 26.

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of the policy was £4,792 in 2016 (2015: £3,396)

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

13. TANGIBLE FIXED ASSETS

	Freehold land	Long leasehold buildings	Assets in the course of construction	Plant and machinery	Total
	£	£	£		£
Cost					
At 1 September 2015	150,000	11,734,378	1,154,475	907,941	13,946,794
Additions	-	-	2,239,691	223,911	2,463,602
Disposals	-	-	-	(83,310)	(83,310)
Transfers	-	64,011	(110,397)	46,386	-
At 31 August 2016	<u>150,000</u>	<u>11,798,389</u>	<u>3,283,769</u>	<u>1,094,928</u>	<u>16,327,086</u>
Depreciation					
At 1 September 2015	-	1,228,985	-	445,474	1,674,459
Charged in period	-	326,486	-	166,887	493,373
Disposals	-	-	-	(83,160)	(83,160)
At 31 August 2016	<u>-</u>	<u>1,555,471</u>	<u>-</u>	<u>529,201</u>	<u>2,084,672</u>
Net book value					
At 31 August 2016	<u>150,000</u>	<u>10,242,918</u>	<u>3,283,769</u>	<u>565,727</u>	<u>14,242,414</u>
At 1 September 2015	<u>150,000</u>	<u>10,505,393</u>	<u>1,154,475</u>	<u>462,467</u>	<u>12,272,335</u>

The freehold land and long leasehold buildings inherited by the Charitable Company upon conversion on 1 February 2011 were valued at £10,150,000 on a depreciated replacement cost basis by Dunston and Morton, Chartered Surveyors and Commercial Property Consultants.

During the year £64,011 was added to the leasehold buildings.

14. DEBTORS

	2016 £	2015 £
Trade debtors	234,776	305,420
Other debtors	37,413	145,983
Prepayments	<u>68,340</u>	<u>85,576</u>
	<u>340,529</u>	<u>536,979</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

15. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Trade Creditors	167,700	150,376
Other taxation and social security	122,904	73,458
Other creditors	27,000	68,895
Accruals	255,252	39,678
Deferred income (see below)	<u>305,293</u>	<u>282,593</u>
	<u>878,149</u>	<u>615,000</u>

At the balance sheet date the Academy trust was holding income received in advance for the 2016/17 Michaelmas Term as follows:

	£
Deferred income at 1 September 2015	282,593
Amounts released from previous years	(282,593)
Resources deferred in the year	<u>305,293</u>
Deferred income at 31 August 2016	<u>305,293</u>

16. CREDITORS: amounts falling due after more than one year

	2016	2015
	£	£
Other creditors	<u>29,000</u>	<u>29,500</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS

	<i>Balance at 1 September 2015</i>	Incoming Resources	Resources expended	Gains, Losses and Transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted General Funds					
The Reading Foundation revenue fund	13,900	126,333	(133,119)	-	7,114
General Annual Grant	2,049	4,463,373	(4,457,942)	10,416	17,896
LGPS pension reserve	(1,019,000)	-	(101,000)	(707,000)	(1,827,000)
Provision for boarding	274,589	881,660	(903,203)	-	253,046
Local Authority grant	7,058	-	-	-	7,058
Capital grants fund	316,650	-	-	(316,650)	-
Other restricted income fund	<u>118,718</u>	<u>127,443</u>	<u>(115,714)</u>	<u>-</u>	<u>130,447</u>
	<u>(286,036)</u>	<u>5,598,809</u>	<u>(5,710,978)</u>	<u>(1,013,234)</u>	<u>(1,411,439)</u>
Restricted Fixed Asset Fund					
Fixed assets	9,226,128	-	(442,813)	5,429,789	14,213,104
The Reading Foundation fixed asset fund	480,538	138,900	-	(619,438)	-
Capital grants fixed assets fund	<u>3,256,349</u>	<u>1,511,892</u>	<u>-</u>	<u>(4,504,117)</u>	<u>264,124</u>
	<u>12,963,015</u>	<u>1,650,792</u>	<u>(442,813)</u>	<u>306,234</u>	<u>14,477,228</u>
Unrestricted Funds					
Unrestricted funds	<u>501,963</u>	<u>507,390</u>	<u>(338,249)</u>	<u>-</u>	<u>671,104</u>
Total funds	<u><u>13,178,942</u></u>	<u><u>7,756,991</u></u>	<u><u>(6,492,040)</u></u>	<u><u>(707,000)</u></u>	<u><u>13,736,893</u></u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS (CONTINUED)

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 2016.

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 inherited fixed assets fund has been set up to recognise the tangible assets gifted to the Academy upon conversion which represent the School site including the freehold and long leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the 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 Reading Foundation fixed assets fund has been set up to recognise the tangible assets purchased by the Academy following conversion that have been funded by capital donation income received from The Reading Foundation which owns the freehold of the land and buildings that have been leased on a long term basis to 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.

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.

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total £
Tangible fixed assets	29,310	-	14,213,104	14,242,414
Current assets	641,794	1,322,710	264,124	2,228,628
Current liabilities	-	(878,149)	-	(878,149)
Creditors due after more than one year	-	(29,000)	-	(29,000)
Pension scheme liability	-	(1,827,000)	-	(1,827,000)
	<u>671,104</u>	<u>(1,411,439)</u>	<u>14,477,228</u>	<u>13,736,893</u>

19. CAPITAL COMMITMENTS

At 31 August 2016 the Charitable Company had capital commitments of £87,642 (2015: £2,707,723).

20. FINANCIAL COMMITMENTS

Operating leases

At 31 August 2016 the Academy Trust had total future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Plant and machinery:		
Expiring within one year	3,444	3,444
Expiring within two and five years inclusive	9,953	9,953
Expiring after five years	8,348	10,172

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

21. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:-

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy.
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

22. MEMBERS' LIABILITIES

Reading School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter. There were 3 members during the year (2015: 3).

23. CASH FLOWS FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income	1,264,951	1,664,197
Capital grants from DFE and other capital income	(1,650,792)	(1,800,402)
(Gain)/loss on disposal of fixed assets	(2,637)	63
Depreciation	493,373	419,998
FRS 17 pension cost less contributions payable	64,000	63,000
FRS 17 pension finance costs	37,000	38,000
Investment income receivable	(4,297)	(6,030)
Decrease/(increase) in debtors	196,450	(77,320)
Increase/(decrease) in creditors due in one year	263,149	(34,310)
Decrease in creditors due after one year	(500)	(2,500)
Interest paid	8,043	7,436
	668,740	272,132
Cash used in operating activities	668,740	272,132

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

24. CASH FLOWS FROM INVESTING ACTIVITIES

	2016	2015
	£	£
Interest received	4,297	6,030
Purchase of tangible fixed assets	(2,463,602)	(1,268,835)
Capital grants received	1,650,792	1,800,402
Proceeds from the sale of fixed assets	<u>2,787</u>	<u>-</u>
	<u>(805,726)</u>	<u>537,597</u>

25. CASH FLOWS FROM FINANCING ACTIVITIES

	2016	2015
	£	£
Bank interest paid	<u>(8,043)</u>	<u>(7,436)</u>

26. RELATED PARTY TRANSACTIONS

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 £217,599 (2015: £309,790) and payments made to Reading Foundation totalled £Nil (2015: £1,500). The Academy was owed £Nil (2015: £75,030) by the Reading Foundation. Income of £6,659 (2015: £7,919) was received from Old Redingensians and the Academy was owed £721 (2015: £343) at the year end.

In addition to the above, owing to the nature of the Academy's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is considered inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations would, of course, be conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year £99 was paid to The Hackwood Partnership for immunisations. S Bowen, a Governor of Reading School is also a partner in the practice.

27. AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £6,012 and paid out £6,147. The balances have been net off to eliminate the income and expenditure relating to this agency arrangement.

The Academy Trust uses an agent for the running of some of the school trips. Under the requirements of the Accounts Direction all income and expenditure relating to these trips have been omitted from the Statement of Financial Activities. In the year it received and paid out £151,494.

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

28. PENSIONS AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Borough of Windsor and Maidenhead. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and the LGPS, 31 March 2013.

Contributions amounting to £46,612 (2015: £43,427) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (currently 14.1%) which includes 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%

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

28. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Valuation of the Teachers' Pension Scheme (continued)

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

The pension costs paid to TPS in the period amounted to £360,306 (2015: £314,623).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £166,000 (2015: £142,000), of which employer's contributions totalled £121,000 (2015: £103,000) and employees' contributions totalled £45,000 (2015: £39,000). The agreed contribution rates for future years are 16.6 per cent for employers and from 5.5 to 7.5 per cent for employees depending on salary.

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

	At 31 August 2016	<i>At 31 August 2015</i>
Rate of increase in salaries	4.1%	4.3%
Rate of increase of pensions in payment / inflation	2.3%	2.5%
Discount rate for scheme liabilities	2.1%	3.9%
Inflation (CPI)	2.3%	2.5%

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

	At 31 August 2016	<i>At 31 August 2015</i>
Retiring today - males	22.9	22.8
Retiring today - females	26.2	26.1
Retiring in 20 years - males	25.2	25.1
Retiring in 20 years - females	28.5	28.4

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

28. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Gilts	20,000	13,000
Equities	606,000	447,000
Other bonds	170,000	125,000
Property	161,000	133,000
Cash	52,000	49,000
Target return portfolio	199,000	177,000
Commodities	29,000	38,000
Infrastructure	61,000	42,000
Longevity insurance	<u>(52,000)</u>	<u>(39,000)</u>
Total market value of assets	1,246,000	985,000
Present value of scheme liabilities		
- Funded	<u>(3,073,000)</u>	<u>(2,004,000)</u>
Deficit in the scheme	<u>(1,827,000)</u>	<u>(1,019,000)</u>

The actual return on scheme assets was £130,000 (2015: 21,000).

The amounts included within the Statement of Financial Activities would be as follows:

	2016 £	<i>2015 £</i>
Current service cost	63,000	62,000
Administration expense	<u>1,000</u>	<u>1,000</u>
Total operating charge	<u>64,000</u>	<u>63,000</u>
Analysis of pension finance costs		
Interest on pension liabilities	<u>37,000</u>	<u>38,000</u>
Pension finance costs	<u>37,000</u>	<u>38,000</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

28. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

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

	2016 £	2015 £
At 1 September	2,004,000	1,782,000
Current service cost	182,000	165,000
Interest cost	78,000	73,000
Estimated benefits paid (net of transfers in)	(31,000)	(18,000)
Employee contributions	44,000	39,000
Actuarial loss/(gain)	796,000	(37,000)
At 31 August	3,073,000	2,004,000

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

	2016 £	2015 £
At 1 September	985,000	840,000
Interest on assets	41,000	35,000
Return on assets less interest	89,000	(13,000)
Estimated benefits paid (net of transfers in)	(31,000)	(18,000)
Employer contributions	119,000	103,000
Employee contributions	44,000	39,000
Administration expenses	(1,000)	(1,000)
At 31 August	1,246,000	985,000

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

28. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows:

	2016	2015	2014	2013	2012
	£	£	£	£	£
Present value of defined benefit obligations	<u>(3,073,000)</u>	<u>(2,004,000)</u>	<u>(1,782,000)</u>	<u>(1,651,000)</u>	<u>(1,391,000)</u>
Fair value of share of scheme assets	1,246,000	985,000	840,000	766,000	628,000
Deficit in the scheme	<u>(1,827,000)</u>	<u>(1,019,000)</u>	<u>(942,000)</u>	<u>(885,000)</u>	<u>(763,000)</u>
Experience adjustments on share of scheme assets	<u>-</u>	<u>(32,000)</u>	<u>(88,000)</u>	<u>(27,000)</u>	<u>(8,000)</u>
Experience adjustments on scheme liabilities:	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>-</u>

As described above the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Reconciliation of the movement in scheme deficit over the year:

	2016	2015
	£	£
Deficit in the scheme at the beginning of the year	(1,019,000)	(942,000)
Movement in the year:		
Current service cost	(182,000)	(165,000)
Employer contributions	119,000	103,000
Other finance expenses	(38,000)	(39,000)
Actuarial (losses)/gains	<u>(707,000)</u>	<u>24,000</u>
At 31 August	<u>(1,827,000)</u>	<u>(1,019,000)</u>

The only impact from transition was the split between the actuarial gains or losses and the additional costs incurred from the scheme. The 31 August 2015 gain has increased from £5,000 to £24,000, with a corresponding increase to pension costs for the same amount. This has no impact on the restricted liability fund of £1,019,000.

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

29. ACADEMY BOARDING TRADING ACCOUNT

	2016		2015	
	£	£	£	£
Income				
Fee income		868,529		856,180
Other income		<u>13,131</u>		<u>14,810</u>
		881,660		870,990
Expenditure				
Direct costs	<u>180,234</u>		<u>156,877</u>	
Indirect costs				
Staff Costs	150,294		113,718	
Utilities	69,993		75,898	
Rent and rates	10,842		10,661	
Insurance	9,334		9,350	
Buildings maintenance	188,869		138,594	
Other indirect costs	<u>293,637</u>		<u>274,961</u>	
Total indirect costs	<u>722,969</u>		<u>623,182</u>	
Total operating costs		<u>(903,203)</u>		<u>(780,059)</u>
Net (expenditure)/income		<u>(21,543)</u>		<u>90,931</u>
Reconciliation of funds				
Funds brought forward at 1 September		<u>274,589</u>		<u>183,658</u>
Funds carried forward at 31 August		<u>253,046</u>		<u>274,589</u>

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

30. FIRST TIME ADOPTION OF CHARITIES SORP (FRS 102)

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

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

Explanation of transition to FRS 102

The only impact from transition was to the split between the actuarial gains or losses and the additional costs incurred from the scheme. The 31 August 2015 actuarial gain has been increased by £5,000 to £24,000 with a corresponding increase to pension costs for the same amount. This has no impact on the restricted pension liability fund of £1,019,000.

31. FINANCIAL INSTRUMENTS

Financial assets held at amortised value include cash, trade debtors and other debtors. Financial Liabilities held at amortised value include pension deficit, trade creditors, other creditors and accruals.

These give rise to interest received on financial assets of £4,297 (2015: £6,030) and interest paid of £8,043 (2015: £7,436).

READING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

32. COMPARATIVE 2015 STATEMENT OF FINANCIAL ACTIVITIES

	Un- restricted Funds £	Restricted Funds General £	Restricted Fixed Asset Funds £	2015 Total £
Income from:				
Donations and capital grants	122,299	260,215	1,800,402	2,182,916
Other trading activities	353,529	-	-	353,529
Income from investment	6,030	-	-	6,030
<i>Charitable activities:</i>				
Funding for the Academy's educational operations	-	4,552,003	-	4,552,003
Provision of boarding activities	-	<u>870,990</u>	-	<u>870,990</u>
Total	<u>481,858</u>	<u>5,683,208</u>	<u>1,800,402</u>	<u>7,965,468</u>
Expenditure on:				
<i>Charitable activities:</i>				
Academy's educational operations	(277,720)	(4,857,172)	(386,319)	(5,521,211)
Provision of boarding activities	-	<u>(780,060)</u>	-	<u>(780,060)</u>
Total	(277,720)	(5,637,232)	(386,319)	(6,301,271)
Net income	204,138	45,976	1,414,083	1,664,197
Transfers between funds	-	<u>(80,823)</u>	<u>80,823</u>	-
Actuarial gains on defined benefit pension schemes	-	<u>24,000</u>	-	<u>24,000</u>
Net movement in funds	204,138	(10,847)	1,494,906	1,688,197
Funds brought forward at 1 September 2014	<u>297,825</u>	<u>(275,189)</u>	<u>11,468,109</u>	<u>11,490,745</u>
Funds carried forward at 31 August 2015	<u><u>501,963</u></u>	<u><u>(286,036)</u></u>	<u><u>12,963,015</u></u>	<u><u>13,178,942</u></u>