

Alban City Free School Limited

Annual Report and Financial Statements

For the year ended 31 August 2014

Company Registration No. 07644208

Alban City Free School Limited
Contents

	Page
Reference and Administrative Details	1
Headteacher's Report	2
Trustees' Report	3 to 8
Governance Statement	9 to 11
Statement on Regularity, Propriety and Compliance	12
Statement of Trustees' Responsibilities	13
Independent Auditor's Report on the Financial Statements	14 to 15
Independent Auditor's Report on Regularity	16 to 17
Statement of Financial Activities incorporating Income & Expenditure Account	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	21 to 23
Other Notes to the Financial Statements	24 to 36

Alban City Free School Limited
Reference and Administrative Details

Governors	L.H. Crawley (Chair of Governors) J.S. Burton C. Burke # J. Garcia * J. Goddard (Headteacher and Accounting Officer) J.M. Graham F.E. Higgins * H.C. Isham S.M. Ison P. Karim (appointed 13 October 2014) L.S. Jubb K.L. Leahy G.J. Muncer # (resigned 31 August 14) I.H. Reynolds (resigned 1 May 2014) R.I. Rickwood B.N.J. Wicks <i># Staff Governor</i> <i>* Parent Governor</i>
Members	L.H. Crawley J.M. Graham S.M. Ison B.N.J. Wicks J.S. Burton (resigned 31 August 2014) R.I. Rickwood (appointed 1 September 2015)
Company Secretary	J.S. Burton (resigned 19 May 2014)
Principal and Registered Office	7 Hatfield Road St Albans Herts AL1 3RR
Company Registration Number	07644208
Independent Auditor	Kingston Smith LLP 105 St Peter's Street St Albans AL1 3EJ
Bankers	Lloyds Bank PO Box 1000 BX1 1LT Virgin Money 5 Lockey House St Peters Street St Albans AL1 3LP Cambridge & Counties Bank 42 Castle Street, Cambridge CB3 0AJ Secure Trust Bank 1 Arleston Way Solihull B90 4LH
Solicitors	Debenhams Ottaway 107 St Peter's Street St Albans AL1 3EW

Alban City Free School Limited

Headteacher's Report as at 31 August 2014

Alban City School opened in September 2012. A group of local residents and educationalists came together to set up the school in order to create additional school places in the city centre. The school came about under the Free School agenda and has been supported fully by the Local Authority. The school opened with two Reception classes and each year a further 2 classes have been added. The school now has 180 children in Reception, Year 1 and Year 2. This will continue to happen each year until September 2018 when the school will be full with 420 children from Reception to Year 6.

The mission statement for our school is "Children, their happiness, well-being and high achievement are the heartbeat of our school." We aim to be an inclusive school where all parents, whatever their circumstances and needs, feel able to entrust their children to us, confident that we will support and guide them to achieve their very best educationally, socially and physically in an environment that puts children's needs at the top of the agenda.

We believe that children are at the heart of any great school. Their happiness and well-being is the key to their future success and will be embedded in a community that gives all children a sense of belonging and worth.

A School Development Plan has been written and sets the strategic direction and focus of the school. The current priorities in the School Development Plan are as follows:

- To improve the achievement of all pupils in mathematics.
- To ensure that all pupils make gains in their learning in all curriculum areas so that there is consistent progress between the various groups of leavers.
- To further improve the quality of teaching.
- For children to behave appropriately, be resilient learners and develop positive attitudes.
- For the Governors to continue build a strong, effective team, understand how the school is progressing and undertake training relevant to needs.

Funding has been targeted to ensure that the priorities in the School Development are completed.

During the year the school was inspected by Ofsted. The key findings were as follows:

- The leadership and management of the school are outstanding. The headteacher and all members of staff have been highly successful in establishing a school with a strong ethos and drive for improvement. Parents are highly supportive.
- The behaviour of pupils is excellent. Pupils are eager to learn, resilient and have very positive attitudes to learning.
- Teachers use information and communication technology very effectively to enliven learning and enthuse pupils in a range of subjects.
- The quality of teaching is consistently good. The teaching of phonics (letters and their sounds) is a strength and results in pupils' excellent reading skills.
- Teaching is not outstanding. Teachers do not always make sure that pupils are clear about what they have to do and learn, or about what they need to do next.
- Pupils make good progress overall in reading, writing, mathematics and in a wide range of other subjects.
- Achievement is not high enough in all subjects. Pupils could do better in mathematics.
- The governing body is well informed, has a good range of skills and experience, and is highly committed to making this an outstanding school.

The school has continued to build up reserves in funds over the course of the year. These reserves have been set aside for future planned works to accommodate the future increase in number of pupils. The school will need to continue to build up funds in the coming years in order to complete these projects.

Janet Goddard

Alban City Free School Limited
Governors' Report as at 31 August 2014

Governors' Report

The governors present their annual report together with the financial statements and auditor's report of the company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, Governance and Management

Constitution

Alban City Free School Limited is a company limited by guarantee and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the school.

The governors act as the trustees for the charitable activities of Alban City Free School Limited and are also the directors of the company for the purposes of company law. The company is known as Alban City School.

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

Members' Liability

Each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

The company has purchased Governors' Liability Insurance through Hiscox Insurance Company Ltd which forms part of the schools Insurance policy.

Method of Recruitment and Appointment or Election of Governors

When the company was formed, the members became the first governors of the school. Prior to opening additional governors were appointed and during the current year, further staff governors and parent governors have been appointed who bring different expertise to the governing body.

Alban City School's governing body now comprises of 14 governors including one local authority governor, 2 staff governors, 2 parent governors and the Headteacher. The Articles of Association require that there be a minimum of 3 governors. The term is 4 years although the governors can resign at any time during this period.

Parent governors will be elected by the parents of current pupils of Alban City School. Staff governors will be elected by the staff currently employed by Alban City School.

With regards to the appointment of community governors, the governing body will ensure that consideration is given to the skills mix of the governors so that they can contribute fully ensure the school's development.

Alban City Free School Limited

Governors' Report as at 31 August 2014

Policies and Procedures Adopted for the Induction and Training of Governors

Alban City School subscribes to Hertfordshire Governor Services who run the Governor induction courses and new governors details are provided to Hertfordshire Governor Services so that they can receive the induction pack and the training courses details.

Organisational Structure

Alban City School's governing body meets at least once a term. The governing body has established 2 committees, Resources and Pupil Achievement, which are expected to meet at least once a term in addition to the full governing body meetings. Each committee has a Terms of Reference which delegates some decisions to each committee. The full governing body meeting receives reports from the committees and any changes to policy documents which may require ratification.

At the first full governing body meeting in the autumn term the governors elect the Chair and Vice Chair of the full governing body and each of the committees.

The Resources Committee approves the plans and budgets presented by the Head teacher. They monitor the budget and ensure that any decisions made are within the powers delegated to them. Any financial agreements in excess of the committee's limits are presented to the full governing body for approval.

The day to day running of the school is delegated to the Head teacher who is the Accounting Officer as required by the Funding Agreement with the Department of Education. The responsibilities of the Accounting Officer are defined in the Statement of Internal Control on Page 12.

Connected Organisations, including Related Party Relationships

There are no connected organisations.

Objectives and Activities

Objects and Aims

Alban City School's object 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 governors believe that children are at the heart of any great school. Their happiness and well-being is the key to their future success and will be embedded in a community that gives all children a sense of belonging and worth.

Alban City School's aims are

- To encourage children to be curious and caring about the world around them, and to be courteous and tolerant in their relationships with each other and with the adults they meet
- To teach children to learn to value others by being valued themselves, regardless of race, gender, disability, creed or culture
- To promote a sense of belonging in children and their families and work in partnership with parents to cultivate a positive and enthusiastic attitude to learning
- To help children to develop social skills and personal qualities such as honesty, kindness and self-discipline

Alban City Free School Limited

Governors' Report as at 31 August 2014

The governors intend the school to become truly reflective, responding to the diverse needs of its children and community, never compromising on giving its children the best possible experiences in their continuing education, so that they can leave with a strong sense of self-worth and their place in society, pride in their abilities, articulate and educationally well prepared to be successful in their future lives.

Objectives, Strategies and Activities

As stated in the School Development Plan for 2013-14, Alban City School has focused on the following objectives during the year:

- To ensure that all new staff to the school are familiar with policies and procedures through their induction.
- To ensure that all teaching and learning results in children making good and outstanding progress
- To be able to better support those children for whom English is an additional language.
- To embed rigorous processes for assessment.
- For children to behave appropriately, be resilient learners and develop positive attitudes.
- For the Governors to build a strong, effective team involving all stakeholders, develop an increased understanding of how the school is progressing and to ensure that the vision of the initial Free School proposal is adhered to over the coming year.

Public Benefit

Alban City School receives the majority of its income from the Department for Education to provide educational services to children and to ensure a broad and balanced curriculum. The governors of Alban City School are satisfied that they meet the public benefit criteria as required by section 17 of the Charities Act 2011.

Strategic Report

Achievements and Performance

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular the management of spending against General Annual Grant (GAG) requires special attention.

As funding is based on pupil numbers this is also a key performance indicator. The school had 4 classes during the year (two Reception and two Year 1) with a total of 117 on roll in September 2013. In September 2014 these children moved up and another 60 places were allocated in Reception. The total number of pupils recorded in the school census in October 2014 was 178.

The governors are kept aware of employee matters particularly with respect to any staff leavers and it is noted that there is very low staff turnover. The school places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

Going Concern

After making appropriate enquiries, the governing body of Alban City School has a reasonable expectation that Alban City School 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

Alban City Free School Limited

Governors' Report as at 31 August 2014

Financial Review

The governors of Alban City School have made it a priority to ensure high standards are maintained in the children's attainments and the environment they are taught in but at the same time as ensuring within the budget and any proposals for additional expenditure is rigorously evaluated especially in view of the current climate of uncertainty about future funding.

The school's financial position for the year ended 31 August 2014 demonstrates total income of £1,019,036 with a surplus at 31 August 2014 of £142,060. The main source of income was from the General Annual Grant provided by the Department for Education. These funds have been used for running the day to day operations of the school.

The surplus has been allocated to reserves. These reserves have been set aside for future planned works to accommodate the future increase in number of pupils. The school will need to continue to build up funds in the coming years in order to complete these projects.

Reserves Policy

Alban City School aims to carry forward resources from the restricted and unrestricted fund to cover the medium and long term needs for renewal and replacement of major capital projects and unforeseen contingencies. The Department for Education has not set a limit to the amounts which can be carried forward.

The governors have determined that the appropriate level of free reserves should be equivalent to one month of the GAG plus one month of the payroll run, which was approximately £87k for the year ended 31 August 2014, rising to approximately £101k from September 2014. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The school's level of free reserves at 31 August 2014 was £281k. This is higher than required as the school is building up short term cash deposits to cover their plans for future building works.

Investment Policy

The governors of Alban City School are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds.

Governor's management of cash flow should ensure that there are always sufficient funds in the main bank account to cover operational costs. Banks must be selected from the FCA Approved List included in the Financial Services Compensation Scheme (FSCS).

Governors will seek to ensure that any cash not required for operating expenses is placed on deposit at the most favourable rate. If longer term arrangements were required then alternative investment opportunities would be sought. i.e. Treasury Bonds, long term deposits however, the providers would be selected from the FCA Approved List included in the Financial Services Compensation Scheme (FSCS). The level of deposits with any one provider is restricted to the amount guaranteed by the FSCS.

Alban City Free School Limited

Governors' Report as at 31 August 2014

Principal Risks and Uncertainties

Governors have identified the following areas affecting the school's risk and uncertainties at Alban City School:

- *Safeguarding and child protection risks*

Governors continue to ensure that high standards are maintained in selecting staff. The school has a child protection policy and provides training and support in order to protect the vulnerable young children in its care.

- *Reputational Risk*

The success of the school depends on maintaining high educational standards in order to attract sufficient number of pupils to the school. Governors are focused in monitoring and reviewing the achievement and success of the children.

- *Failure in governance/management*

Governors continue to review and ensure that measures are in place to mitigate this risk.

- *Significant changes in staff*

Governors have a policy in place to develop existing staff as well as continue to review and monitor arrangements for any new staff which may be required.

- *Financial Risk*

The main financial risk to Alban City School is cash flow. The governing body monitors cash flow to ensure that the school has sufficient funds available to meet its debts as they fall due. The governors have assessed the credit risk but as the school's main income is from the Department for Education they feel that this is not an issue as funds are received when due. The school development plan is followed closely to ensure that staffing is sustainable and the upkeep of the site is maintained.

During the year the school has paid contributions for some non-teaching staff into the Local Government Pension Scheme, which is a defined benefit pension scheme. At the year end the school has recognised its share of the Local Government Pension Scheme's assets and liabilities in accordance with Financial Reporting Standard No. 17.

Plans for Future Periods

The objectives for future years at Alban City School are:

- To ensure that the priorities set in the School Development Plan are achieved.
- To ensure that all children reach their full potential.
- For Governors to ensure the school continues to develop in line with the vision of the school.
- To sign an agreement with Hertfordshire County Council for the long term lease of the school site.

**Alban City Free School Limited
Governors' Report as at 31 August 2014**

Funds held as Custodian Trustee on behalf of others

The school does not hold any funds as Custodian Trustee.

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the 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.

Alban City School has reappointed Kingston Smith LLP as auditor.

Trustees' report, incorporating a strategic report, approved by order of the governors, as the company directors, on 15 December 2014 and signed on their behalf by:

Signed



LH Crawley
Chair

Alban City Free School Limited
Governors' Report as at 31 August 2014

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Alban City Free 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 Head teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Alban City Free School and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Trustees responsibilities. The governing body formally met 4 times during the year and attendance at those meetings was as follows:

Governor	Meetings attended	Out of a possible
Linda Crawley (Chair)	4	4
Janice Graham	3	4
Sandra Ison	3	4
Lara Jubb	4	4
Jennie Burton	4	4
Hilary Isham	4	4
Isabel Reynolds (resigned 1 May 2014)	0	3
Richard Rickwood	4	4
Ben Wicks	2	4
Kate Leahy	4	4
Janet Goddard (Headteacher)	4	4
Geraldine Muncer (resigned 31 August 2014)	3	4
Cathy Burke	4	4
Jo Garcia	3	4
Fiona Higgins	4	4

The Resources Committee is a sub-committee of the governing body. Its purpose is to review financial and staffing issues. Attendance at meetings in the year was as follows:

Alban City Free School Limited Governors' Report as at 31 August 2014

Governor	Meetings attended	Out of a possible
Jennie Burton (Chair)	3	3
Linda Crawley	3	3
Janet Goddard (Headteacher)	2	3
Hilary Isham	1	3
Ben Wicks	2	3
Richard Rickwood	3	3

The Pupil Achievement Committee is also a sub-committee of the governing body. Its purpose is to monitor academic development and results achieved by pupils. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Sandra Ison (Chair)	3	3
Linda Crawley	3	3
Janet Goddard (Headteacher)	2	3
Kate Leahy	3	3
Janice Graham	2	3
Isabel Reynolds (resigned 1 May 2014)	2	2
Jo Garcia	2	3
Fiona Higgins	3	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School 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 Alban City Free School for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which Alban City Free 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 on-going process for identifying, evaluating and managing Alban City Free School's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

Alban City Free 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:

Alban City Free School Limited

Governors' Report as at 31 August 2014

- 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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governing body has appointed Peter Smithson as the Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the school's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

During the year the RO visited the school 3 times and did not report any significant control issues.

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within Alban City Free 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 Resources Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 15th December 2014 and signed on its behalf by:

Signed



LH Crawley
Chair

Signed



J Goddard
Accounting Officer

Alban City Free School Limited
Governors' Report as at 31 August 2014

Statement on Regularity, Propriety and Compliance

As accounting officer of Alban City Free School I have considered my responsibility to notify Alban City Free School 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 Alban City Free School 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 Alban City Free School governing body are able to identify any material irregular or improper use of funds by Alban City Free School, or material non-compliance with the terms and conditions of funding under Alban City Free School's funding agreement and the Academies Financial Handbook.

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

Signed



J Goddard
Accounting Officer

Statement of Governors' Responsibilities

The governors (who are also the directors of the company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 Company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing body on 15th December 2014 and signed on its behalf by:

Signed



LH Crawley
Chair

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Alban City Free School Limited

We have audited the financial statements of Alban City Free School Limited which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice.)

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 and trustees those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report on the Financial Statements to the Board of Trustee
Alban City Free School Limited
(continued)

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:

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

Date: 17th December 2017

Kingston Smith LLP

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Independent Reporting Accountant's Assurance Report on Regularity to Alban City Free School Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 20 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alban City Free School Limited during the period 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 Alban City Free School Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Alban City Free School Limited 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 Alban City Free School Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Alban City Free School Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Alban City Free School Limited's funding agreement with the Secretary of State for Education dated 30 March 2012, Alban City Free School Limited and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. 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, Alban City Free School Limited have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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 to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and reperformance

Independent Reporting Accountant's Assurance Report on Regularity to
Alban City Free School Limited and the Education Funding Agency (continued)

Conclusion

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

Date: 17th December 2014

Kingston Smith LLP

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

105 St Peter's Street
St Albans
Hertfordshire
AL1 3EJ

Alban City Free School Limited
Statement of Financial Activities for the Year Ended 31 August 2014

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	5,521	-	-	5,521	2,396
Activities for generating funds	3	60,648	-	-	60,648	16,228
Investment income	4	2,493	2,000	-	4,493	432
<i>Incoming resources from charitable activities:</i>						
Funding for the free school's educational operations	5	-	896,111	52,263	948,374	960,005
Total incoming resources		68,662	898,111	52,263	1,019,036	979,061
Resources expended						
<i>Cost of generating funds:</i>						
Fundraising costs		44,551	-	-	44,551	17,435
<i>Charitable activities:</i>						
Free school educational operations	7	-	745,449	70,214	815,663	679,804
Governance costs	8	-	12,762	-	12,762	12,285
Total resources expended	6	44,551	758,211	70,214	872,976	709,524
Net incoming / (outgoing) resources before transfers		24,111	139,900	(17,951)	146,060	269,537
Gross transfers between funds	16	-	4,551	(4,551)	-	-
Net income/(expenditure) for the year		24,111	144,451	(22,502)	146,060	269,537
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	25	-	(4,000)	-	(4,000)	2,000
Net movement in funds		24,111	140,451	(22,502)	142,060	271,537
Reconciliation of funds						
Total funds brought forward at 1 September 2013	16	1,624	115,560	174,388	291,572	20,035
Total funds carried forward at 31 August 2014		25,735	256,011	151,886	433,632	291,572

All of the school's activities derive from continuing operations during the above two financial periods.

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

Alban City Free School Limited
Balance Sheet as at 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	12		151,886		174,388
Current assets					
Stock	13	645		492	
Debtors	14	30,821		36,408	
Cash at bank and in hand		325,197		110,125	
		<u>356,663</u>		<u>147,025</u>	
Liabilities					
Creditors : amounts falling due within one year	15	<u>(74,917)</u>		<u>(31,841)</u>	
Net current assets/(liabilities)			<u>281,746</u>		<u>115,184</u>
Total assets less current liabilities			<u>433,632</u>		<u>289,572</u>
Pension scheme asset / (liability)			-		2,000
Net assets including pension liability			<u>433,632</u>		<u>291,572</u>
Funds of the free school:					
Restricted income funds					
Fixed asset fund	16	151,886		174,388	
General fund	16	256,011		113,560	
Pension reserve	16	-		<u>2,000</u>	
Total restricted funds			<u>407,897</u>		<u>289,948</u>
Unrestricted income funds					
General fund	16	<u>25,735</u>		<u>1,624</u>	
Total unrestricted funds			<u>25,735</u>		<u>1,624</u>
Total funds			<u>433,632</u>		<u>291,572</u>

The financial statements on pages 17 to 36 were approved by the trustees, and authorised for issue on 15 December 2014 and are signed on their behalf by:

Linda Crawley

L Crawley
Chair of trustees

J Goddard

J Goddard
Headteacher

Company number: 07644208

Alban City Free School Limited
Cash Flow Statement for the Year Ended 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	19	208,029	104,351
Returns on investments and servicing of finance	20	2,493	432
Capital expenditure	21	4,551	(4,963)
(Decrease)/Increase in cash in the year	22	<u>215,073</u>	<u>99,820</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		110,125	10,305
Net funds at 31 August 2014		<u>325,198</u>	<u>110,125</u>

1 Statement of Accounting Policies

Basis of Preparation

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

Going Concern

The trustees 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 trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

Grants Receivable

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

The General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

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.

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the free school are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the free school 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 free school's policies.

Taxation

The free school 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 free school 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.

Stock

Unsold uniforms are valued at the lower of cost or net realisable value.

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and 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 free school'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:

ICT equipment	3 Year Straight Line
Furniture & Equipment	5 Year Straight Line

Leased Assets

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

Pensions Benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the free school 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.

Fund Accounting

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

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

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

1 Statement of Accounting Policies (continued)

Resources Expended

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

Costs of Generating Funds

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

Charitable Activities

These are costs incurred 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 trustees' meetings and reimbursed expenses.

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

2 Voluntary Income

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
Donations	5,521	-	5,521	2,396
	<u>5,521</u>	<u>-</u>	<u>5,521</u>	<u>2,396</u>

3 Activities for Generating Funds

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
Catering income	29,215	-	29,215	11,776
Uniform Income	483	-	483	317
Hire of facilities	24,352	-	24,352	720
Other income	6,598	-	6,598	3,415
	<u>60,648</u>	<u>-</u>	<u>60,648</u>	<u>16,228</u>

4 Investment Income

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
Short term deposits	2,493	-	2,493	432
Pension fund income	-	2,000	2,000	-
	<u>2,493</u>	<u>2,000</u>	<u>4,493</u>	<u>432</u>

5 Funding for the Free School's Educational Operations

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
DfE / EFA grants				
General Annual Grant (GAG)	-	494,852	494,852	294,657
Start Up Grants	-	92,769	92,769	103,923
Capital Grants	-	4,551	4,551	1,896
Other DfE/EFA grants	-	36,893	36,893	47,674
	<u>-</u>	<u>629,065</u>	<u>629,065</u>	<u>448,150</u>
Other Government grants				
Local authority grants	-	21,597	21,597	46,324
Local authority notional rent	18	250,000	250,000	250,000
Local authority capital grants	-	47,712	47,712	215,531
	<u>-</u>	<u>319,309</u>	<u>319,309</u>	<u>511,855</u>
	<u>-</u>	<u>948,374</u>	<u>948,374</u>	<u>960,005</u>

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

6 Resources Expended

	Staff Costs £	Premises £	Other Costs £	Total 2014 £	Total 2013 £
Costs of activities for generating funds	2,211	3,493	38,847	44,551	17,435
School's educational operations					
Direct costs	316,787	-	33,107	349,894	233,635
Allocated support costs	58,811	305,711	101,247	465,769	446,169
	<u>375,598</u>	<u>305,711</u>	<u>134,354</u>	<u>815,663</u>	<u>679,804</u>
Governance costs including allocated support costs	-	-	12,762	12,762	12,285
	<u>377,809</u>	<u>309,204</u>	<u>185,963</u>	<u>872,976</u>	<u>709,524</u>

Incoming/outgoing resources for the year include:

	2014 £	2013 £
Operating leases	1,112	1,112
Fees payable to auditor:		
Audit	4,950	4,500
Other services	1,750	2,225

7 Charitable Activities - Free School's Educational Operations

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
Direct costs				
Teaching and educational support staff costs	-	316,787	316,787	194,033
Technology costs	-	5,446	5,446	1,291
Educational supplies	-	21,976	21,976	34,424
Staff development	-	4,105	4,105	3,302
Educational consultancy	-	1,580	1,580	585
	<u>-</u>	<u>349,894</u>	<u>349,894</u>	<u>233,635</u>
Allocated support costs				
Support staff costs	-	58,811	58,811	53,540
Depreciation	-	70,214	70,214	53,456
Technology costs	-	13,336	13,336	10,483
Recruitment and support	-	1,790	1,790	1,294
Maintenance of premises and equipment	-	8,105	8,105	10,847
Cleaning	-	5,952	5,952	7,187
Rent & rates	-	260,061	260,061	257,639
Energy costs	-	21,611	21,611	18,928
Insurance	-	15,933	15,933	20,590
Security and transport	-	939	939	2,832
Other support costs	-	9,017	9,017	9,373
	<u>-</u>	<u>465,769</u>	<u>465,769</u>	<u>446,169</u>
	<u>-</u>	<u>815,663</u>	<u>815,663</u>	<u>679,804</u>

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

8 Governance Costs

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	4,661	4,661	3,514
Auditor's remuneration				
Audit of financial statements	-	4,950	4,950	4,500
Other services	-	1,750	1,750	2,225
Support staff costs	-	861	861	1,711
Trustee training	-	540	540	257
Trustees' reimbursed expenses	-	-	-	78
	<u>-</u>	<u>12,762</u>	<u>12,762</u>	<u>12,285</u>

9 Staff Costs

Staff costs during the period were:	2014 £	2013 £
Wages and salaries	290,622	199,240
Social security costs	16,781	13,325
Pension costs	43,932	29,428
	<u>351,335</u>	<u>241,993</u>
Supply teacher costs	26,474	4,356
	<u>377,809</u>	<u>246,349</u>

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

	2014 No.	2013 No.
Charitable Activities		
Teachers	5	3
Administration and support	8	6
	<u>13</u>	<u>9</u>

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

	2014 No.	2013 No.
£60,001 - £70,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions amounted to £8,459 (2013: £8,375).

10 Related Party Transactions -

Trustees' Remuneration & Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the free school in respect of their role as trustees. The value of trustees' remuneration was as follows:

J Goddard (principal and trustee):	£65,000 - £70,000 (2013: £65,000- £70,000)
G Muncer (staff trustee):	£40,000 - £45,000 (2013: £40,000-£45,000)
C Burke (staff trustee):	£40,000 - £45,000 (2013: £35,000-£40,000)

During the year ended 31 August 2014, travel and subsistence expenses totalling £nil (2013: £78) were reimbursed to trustees.

Related Party Transactions

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

No related party transactions took place in the period of account.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. For the year ended 31 August 2014 the insurance provided cover up to £5,000,000 on any one claim and the cost was £171 (2013: £1,663 for cover up to £10,000,000).

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

12 Tangible Fixed Assets

	Furniture and Equipment £	Computer Equipment £	Total £
Cost			
At 1 September 2013	121,353	106,794	228,147
Additions	29,830	17,882	47,712
At 31 August 2014	<u>151,183</u>	<u>124,676</u>	<u>275,859</u>
Depreciation			
At 1 September 2013	18,135	35,624	53,759
Charged in year	28,655	41,559	70,214
At 31 August 2014	<u>46,790</u>	<u>77,183</u>	<u>123,973</u>
Net book values			
At 31 August 2014	<u>104,393</u>	<u>47,493</u>	<u>151,886</u>
At 31 August 2013	<u>103,218</u>	<u>71,170</u>	<u>174,388</u>

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

13 Stock	2014	2013
	£	£
Uniforms	645	492
	<u>645</u>	<u>492</u>
14 Debtors	2014	2013
	£	£
VAT recoverable	8,346	2,577
Other debtors	15,570	11,734
Prepayments	6,905	22,097
	<u>30,821</u>	<u>36,408</u>
15 Creditors: Amounts Falling due within one year	2014	2013
	£	£
Trade creditors	542	1,499
Taxation and social security	6,062	4,664
Other creditors	5,831	3,892
Accruals and deferred income	62,482	21,786
	<u>74,917</u>	<u>31,841</u>
Deferred income	2014	
	£	
Deferred Income at 1 September 2013	5,605	
Resources deferred in the year	47,824	
Amounts released from previous years	(5,605)	
Deferred Income at 31 August 2014	<u>47,824</u>	

Deferred income at 31 August 2014 represents amounts received from the Department for Education in advance for business rates and capital grants for the first 7 months of the 2015 academic year and amounts received in advance for Free School Meals for the first two terms of the 2015 academic year.

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

16 Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	113,560	494,852	(352,401)	-	256,011
Start Up Grant	-	92,769	(92,769)	-	-
Other DfE/EFA grants	-	36,893	(41,444)	4,551	-
Local Authority grants	-	271,597	(271,597)	-	-
Pension reserve	2,000	2,000	-	(4,000)	-
	<u>115,560</u>	<u>898,111</u>	<u>(758,211)</u>	<u>551</u>	<u>256,011</u>
Restricted fixed asset funds					
DfE/EFA capital grants	-	4,551	-	(4,551)	-
Capital expenditure from DfE grants	8,300	-	(4,055)	-	4,245
Local Authority capital grants	166,088	47,712	(66,159)	-	147,641
	<u>174,388</u>	<u>52,263</u>	<u>(70,214)</u>	<u>(4,551)</u>	<u>151,886</u>
Total restricted funds	<u>289,948</u>	<u>950,374</u>	<u>(828,425)</u>	<u>(4,000)</u>	<u>407,897</u>
Unrestricted funds					
Unrestricted funds	1,624	68,662	(44,551)	-	25,735
Total unrestricted funds	<u>1,624</u>	<u>68,662</u>	<u>(44,551)</u>	<u>-</u>	<u>25,735</u>
Total funds	<u><u>291,572</u></u>	<u><u>1,019,036</u></u>	<u><u>(872,976)</u></u>	<u><u>(4,000)</u></u>	<u><u>433,632</u></u>

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

Restricted general funds

All restricted funds are grants received from the Department for Education and the Local Authority for the purpose of running the free school.

Under the funding agreement with the Secretary of State, the free school was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Local Authority grants includes £250,000 income and expenditure for the notional rent charge for the year (see note 18).

Restricted fixed asset funds

All capital grants received from the Department for Education and the Local Authority are to be used on capital expenditure.

Unrestricted funds

All unrestricted funds are amounts raised by the free school which can be used for any purposes the trustees deem appropriate.

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	151,886	151,886
Current assets	25,735	330,928	-	356,663
Current liabilities	-	(74,917)	-	(74,917)
Pension scheme assets	-	-	-	-
Total net assets	<u>25,735</u>	<u>256,011</u>	<u>151,886</u>	<u>433,632</u>

18 Financial Commitments

Operating Leases

At 31 August 2014 the free school had annual commitments under non-cancellable operating leases as follows:

Land and buildings

The free school's buildings are supplied by Hertfordshire County Council on a short term lease with no rent payable by the school. A notional rent and corresponding donation of £250,000 per annum have been recognised in the SOFA.

The market rate of £250,000 was calculated using the market rate per square meter for similar commercial buildings in the St. Albans area.

	2014 £	2013 £
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	1,112	1,112
Expiring in over five years	-	-
	<u>1,112</u>	<u>1,112</u>

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

19 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2014 £	2013 £
Net income	146,060	269,537
Depreciation (note 12)	70,214	53,456
Capital grants from DfE and other capital income	(52,263)	(217,427)
Interest receivable (note 4)	(2,493)	(432)
FRS 17 pension cost less contributions payable (note 24)	(1,000)	-
FRS 17 pension finance income (note 24)	(1,000)	-
(Increase)/decrease in stock	(152)	(492)
(Increase)/decrease in debtors	5,587	(3,203)
Increase/(decrease) in creditors	43,076	2,912
Net Cash Inflow from Operating Activities	<u>208,029</u>	<u>104,351</u>

20 Returns on Investments and Servicing of Finance

Interest received	2,493	432
Net cash inflow from returns on investment and servicing of finance	<u>2,493</u>	<u>432</u>

21 Capital Expenditure and Financial Investment

Purchase of tangible fixed assets (note 12)	(47,712)	(222,390)
Capital grants from DfE/EFA	4,551	1,896
Capital funding received from sponsors and others	47,712	215,531
Net cash outflow from capital expenditure and financial investment	<u>4,551</u>	<u>(4,963)</u>

22 Analysis of Changes in Net Funds

	As at 1 September 2013 £	£	As at 31 August 2014 £
Cash in hand and at bank	110,125	215,073	325,198
	<u>110,125</u>	<u>215,073</u>	<u>325,198</u>

23 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

24 Pension and Similar Obligations

The free school'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 Hertfordshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2014.

Contributions amounting to £5,831 (2013: £3,892) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

24 Pension and Similar Obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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 2014 was £21,000, of which employer's contributions totalled £17,000 and employees' contributions totalled £4,000. The agreed contribution rates for future years are 25.3 per cent for employers and between 5.5 per cent and 12.5 per cent for employees

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

24 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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.

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.9%	5.1%
Rate of increase for pensions in payment/inflation	2.6%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Expected return on assets	5.4%	5.9%

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 2014
<i>Retiring today</i>	
Males	22.30
Females	24.50
<i>Retiring in 20 years</i>	
Males	24.30
Females	26.70

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.3%	31,000	6.6%	11,000
Bonds	3.3%	11,000	3.9%	3,000
Property	4.5%	3,000	4.7%	1,000
Cash	3.3%	1,000	3.6%	1,000
Total market value of assets		<u>46,000</u>		<u>16,000</u>
Present value of scheme liabilities		(46,000)		(14,000)
Surplus/(deficit) in the scheme		<u>-</u>		<u>2,000</u>

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

The actual return on scheme assets was £3,000 (2013: £2,000).

Alban City Free School Limited
Notes to the Financial Statements for the Year Ended 31 August 2014

24 Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2014 £	2013 £
Current service cost (net of employee contributions)	(16,000)	(9,000)
Total operating charge	<u>(16,000)</u>	<u>(9,000)</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	2,000	-
Interest costs	(1,000)	-
Pension finance income/(costs)	<u>1,000</u>	<u>-</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial losses recognised in the statement of financial activities since the adoption of FRS 17 is £4,000 (2013: £nil).

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

	2014 £	2013 £
At 1 September 2013	14,000	-
Current service cost	16,000	9,000
Interest Cost	1,000	-
Employee contributions	4,000	3,000
Actuarial (gain)/loss	11,000	2,000
At 31 August 2014	<u>46,000</u>	<u>14,000</u>

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

	2014 £	2013 £
At 1 September 2013	16,000	-
Actuarial gain/(loss)	7,000	2,000
Employer contributions	17,000	11,000
Employee contributions	4,000	3,000
Expected return on assets	2,000	-
At 31 August 2014	<u>46,000</u>	<u>16,000</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £20,000.

24 Pension and Similar Obligations (continued)

Two-year history of experience adjustments

	2014 £	2013 £
Present Value of defined benefit obligation	(46,000)	(14,000)
Fair value of share of scheme assets	46,000	16,000
Surplus/(deficit) in the scheme	<u>-</u>	<u>2,000</u>
Experience adjustment on share of scheme assets:	7,000	2,000
Experience adjustment on share of scheme liabilities:	(9,000)	-

Note scheme is only in its second year as at 31 August 2014.