

# Alban City Free School Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2016

# Alban City Free School Limited

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# Alban City Free School Limited

## Reference and Administrative Details

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<b>Governors</b>	C. Ashcroft G. Baisley C. Burke J.S. Burton L.H. Crawley J. Garcia J. Goddard J.M. Graham F.E. Higgins H.C. Isham S.M. Ison L.S. Jubb P. Karim K.L. Leahy A. Novell R.I. Rickwood E.R. Tomlinson B.N.J. Wicks	Parent Governor (appointed 7 November 2016) Parent Governor (appointed 7 November 2016) Staff Governor  Chair of Governors Parent Governor (resigned 2 November 2016) Headteacher and accounting officer  Parent Governor (resigned 2 November 2016)      Staff Governor (appointed 2 November 2016)  Parent Governor (resigned 22 July 2016)
<b>Members</b>	L.H. Crawley J.M. Graham F.E. Higgins S.M. Ison L.S. Jubb B.N.J. Wicks R.I. Rickwood	  (appointed 12 October and resigned 2 November 2016)   (resigned 12 October 2015)
<b>Senior Management Team:</b>		
Headteacher	J. Goddard	
Deputy Headteacher and Phase 2 Leader	C. Burke	
Phase 1 Leader	A. Novell	
Business Manager	P. Stapleton	
<b>Company Name</b>	Alban City Free School Ltd	
<b>Principal and Registered Office</b>	7 Hatfield Road St Albans Herts AL1 3RR	
<b>Company Registration Number</b>	07644208 (England and Wales)	
<b>Independent Auditor</b>	Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF	
<b>Bankers</b>	Lloyds Bank PO Box 100 BX1 1LT	
<b>Solicitors</b>	Debenhams Ottaway 107 St Peter's Street St Albans AL1 3EW	

## Headteacher's Report

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. At the end of the academic year, July 2016 there were 240 children in Reception, Year 1, Year 2 and Year 3 classes. September 2016 saw the school grow to 300 children with the oldest children starting Year 4. Our school will continue to grow until it reaches capacity in 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. Funding has been targeted to ensure that the priorities in the School Development Plan are appropriately resourced.

During 2014 the school was inspected by Ofsted. The school was deemed to be a good school with outstanding features. We have taken steps to address areas identified for improvement by the inspection and these continue to be monitored in our systems of self evaluation.

Educational results for 2015/2016 show that all groups of pupils continue to make outstanding progress with Year One phonic screening and KS1 SATs results being above national and Local Authority averages.

As a growing school, staff numbers have continued to rise in line with the increasing roll and in line with the governors' long term plan of staff recruitment and development. A Senior Management Team consisting of the Headteacher, Deputy Headteacher/Phase 2 Leader, Phase 1 Leader and Business Manager was set up in September 2015 and continues to develop.

At the year end, the school is mid way through a building project. This has two elements: internally to accommodate the future Year 6 pupils and externally to increase and develop the playground. Funding reserves will be utilised to support these projects.

Alban City School continues to provide its children with a well-rounded education and we are proud of our contribution we make to the community of St Albans.

Janet Goddard

## **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 2016. 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**

From 1 September 2014 the company has opted in to the Department of Education's Risk Protection Arrangement. This is a voluntary arrangement for academies and free schools as an alternative to insurance through which the cost of risks that materialise will be covered by government funds.

### **Method of Recruitment and Appointment or Election of Governors**

When the company was formed, the members became the first governors of the school. Since then, further governors have been appointed who bring different expertise to the governing body.

Alban City School's governing body now comprises of 15 governors including one local authority governor, two staff governors, two 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 are elected by the parents of current pupils of Alban City School. Staff governors are elected as determined by the governors of 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.

### **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.

# Alban City Free School Limited

## Organisational Structure

Alban City School's governing body meets at least once a term. The governing body has established 2 committees, Resource 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 Resource Committee approves the plans and budgets presented by the Headteacher. 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 Headteacher 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.

## Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the school comprise the governors and the senior management team as listed on page 1. The setting of pay for the Headteacher is carried out by the Governing Body. The setting of pay for the other members of staff is carried out by the Headteacher with the approval of the Resource Committee. Governors do not receive any remuneration for their role.

## 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.

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.

# Alban City Free School Limited

## Objectives, Strategies and Activities

As stated in the School Development Plan for 2015-16, Alban City School has focused on the following objectives during the year:

- To identify key issues raised by OFSTED and provide a vehicle for planning how to address them
  - To recognise and plan for priorities for improvement as identified by the whole school self-evaluation
  - To address targets for improvement identified by all stakeholders including staff, parents, children, governors, advisors, by data collated from the school and from OFSTED
  - To ensure the financial management of the school enables this improvement to take place through planned effective financial administration and monitoring
  - To ensure that human resource management in school is planned, appropriate and viable, and focused on providing the best possible learning environment for the children
  - To anticipate future curriculum changes so that new initiatives can be planned into the school systematically
- 
- To ensure that the physical resources in and around the school — including the school buildings and grounds are maintained and developed to enhance children's learning
  - To provide a framework for monitoring and evaluating all aspects of school life to ensure high standards and continuous improvements
  - To ensure that staff development has a high priority within the school
  - To ensure that clear mechanisms for effective communication within and without the school are in place
  - To ensure that the school complies with and meets statutory requirements.

## 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 8 classes during the year (two Reception, two Year 1, two Year 2 and two Year 3) with a total of 240 on roll in September 2015. In September 2016 these children moved up and another 60 places were allocated in Reception. The total number of pupils recorded in the school census in October 2016 was 289.

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.

## **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 2016 demonstrates total income of £1,560,609 with a surplus at 31 August 2016 of £128,635. 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. Some of these reserves have been used during the year for building work to increase the interior space ready for future Year 6 pupils, and to increase and redevelop the playground outside. The school will need to continue to build up funds in the coming years in order to carry out further building enhancement 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 £133,000 for the year ended 31 August 2016, rising to approximately £170,000 from September 2016. 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 2016 was £505,545. This is higher than required as the school has built up short term cash deposits to cover the building works which are in progress.

## **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.



## 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 102.

## 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.
- To complete building work as required to accommodate the increasing number of pupils.
- 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.

## Funds held as Custodian Trustee on behalf of others

The school does not hold any funds as Custodian Trustee.

# Alban City Free School Limited

## 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 13 December 2016 and signed on their behalf by:

Signed



**LH Crawley**

Chair

## 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Linda Crawley (Chair)	4	4
Cathy Burke	4	4
Jennie Burton	2	4
Jo Garcia	4	4
Janet Goddard (Headteacher)	4	4
Janice Graham	2	4
Fiona Higgins	3	4
Hilary Isham	3	4
Sandra Ison	3	4
Lara Jubb	4	4
Paul Karim	3	4
Kate Leahy	3	4
Richard Rickwood	4	4
Elizabeth Tomlinson (resigned 22 July 2016)	2	4
Ben Wicks	2	4

The governing body carries out a periodic self evaluation to ensure that it is operating effectively. A log is kept of all training undertaken by governors so that needs can be identified and addressed as required.

The Resource 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:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Richard Rickwood (Chair)	3	3
Jennie Burton	1	3
Linda Crawley	2	3
Janet Goddard (Headteacher)	3	3
Hilary Isham	1	3
Lara Jubb	3	3
Paul Karim	2	3
Kate Leahy	3	3

# Alban City Free School Limited

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:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Sandra Ison (Chair)	3	3
Cathy Burke	3	3
Linda Crawley	3	3
Jo Garcia	3	3
Janet Goddard (Headteacher)	3	3
Janice Graham	2	3
Fiona Higgins	3	3
Elizabeth Tomlinson (resigned 22 July 2016)	2	3
Ben Wicks	1	3

## **Review of Value for Money**

As accounting officer the Headteacher has responsibility for ensuring that Alban City Free School 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 school's use of its resources has provided good value for money during each academic year, and reports to the governing body where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for Alban City Free School has delivered improved value for money during the year by:

- leading a building project to provide both increased outdoor space for the children, including building an outside classroom and installing play equipment and a multi-use games area, and improving interior space for future Year 6 children.
- increasing the working hours of the Special Educational Needs Co-ordinator in order to provide further support to children with additional needs so that they can progress in line with other children
- employing additional specialist teachers for recorder and Spanish
- improving income generation by increasing the number of external hirers who use the school for after school and evening activities

## **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 2016 and up to the date of approval of the annual report and financial statements.

# Alban City Free School Limited

## 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 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

## The Risk and Control Framework

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:

- 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 Resource Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- high level of financial expertise amongst members of the Resource Committee
- 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 an independent reviewer whose role is to advise on financial matters and perform a range of checks on the school's financial systems. On a termly basis, the independent reviewer 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 independent reviewer 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 independent reviewer;
- the work of the external auditor;
- the work of the 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 Resource Committee and a plan to address any weaknesses and ensure continuous

Approved by order of the members of the governing body on <sup>13</sup>..... December 2016 and signed on its behalf by:

**Signed**



**LH Crawley**  
Chair

**Signed**



**J Goddard**  
Accounting Officer

## 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 <sup>13</sup> December 2016 and signed on its behalf by:

**Signed**



**LH Crawley**  
Chair

# Alban City Free School Limited

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

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We have audited the financial statements of Alban City Free School Limited for the year ended 31 August 2016 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), including Financial Reporting Standard 102.

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 2016 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 2015 to 2016 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.



# Alban City Free School Limited

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

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### **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 and
- 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: 14 December 2016

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

Kingston Smith  
4 Victoria Square  
St Albans  
AL1 3TF

# Alban City Free School Limited

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

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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 2015 to 2016, 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 01 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 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 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 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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

# Alban City Free School Limited

## 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 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.



Date: 14 December 2016

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

Kingston Smith  
4 Victoria Square  
St Albans  
AL1 3TF

# Alban City Free School Limited

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	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015 as restated
<b>Income and endowments from:</b>						
Donations and capital grants	2	2,584	-	-	2,584	5,806
Charitable activities:						
Funding for the academy trust's educational operations	3	22,102	1,341,824	152,371	1,516,297	1,200,941
Other trading activities	4	37,335	-	-	37,335	35,593
Investments	5	4,393	-	-	4,393	3,066
<b>Total</b>		<b>66,414</b>	<b>1,341,824</b>	<b>152,371</b>	<b>1,560,609</b>	<b>1,245,406</b>
<b>Expenditure on:</b>						
Raising funds	6	18,818	-	-	18,818	18,326
Charitable activities:						
Academy trust educational operations	7	-	1,186,213	178,943	1,365,156	1,075,408
<b>Total</b>	<b>6</b>	<b>18,818</b>	<b>1,186,213</b>	<b>178,943</b>	<b>1,383,974</b>	<b>1,093,734</b>
<b>Net income / (expenditure)</b>		<b>47,596</b>	<b>155,611</b>	<b>(26,572)</b>	<b>176,635</b>	<b>151,672</b>
Transfers between funds	15	-	(177,387)	177,387	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses) / gains on defined benefit pension schemes	22	-	(48,000)	-	(48,000)	-
<b>Net movement in funds</b>		<b>47,596</b>	<b>(69,776)</b>	<b>150,815</b>	<b>128,635</b>	<b>151,672</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		57,144	417,581	110,579	585,304	433,632
<b>Total funds carried forward</b>	<b>15</b>	<b>104,740</b>	<b>347,805</b>	<b>261,394</b>	<b>713,939</b>	<b>585,304</b>

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

# Alban City Free School Limited

Balance Sheet  
as at 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	11		261,394		110,579
<b>Current assets</b>					
Stock	12	482		450	
Debtors	13	65,252		28,949	
Cash at bank and in hand		672,160		527,920	
		<u>737,894</u>		<u>557,319</u>	
<b>Liabilities</b>					
Creditors : Amounts falling due within one year	14	<u>(232,349)</u>		<u>(80,594)</u>	
<b>Net current assets/(liabilities)</b>			<u>505,545</u>		<u>476,725</u>
<b>Total assets less current liabilities</b>			766,939		587,304
<b>Net assets excluding pension liability</b>					
Defined benefit pension scheme liability	22		(53,000)		(2,000)
<b>Total net assets</b>			<u>713,939</u>		<u>585,304</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	15	261,394		110,579	
General fund	15	400,805		419,581	
Pension reserve	15	<u>(53,000)</u>		<u>(2,000)</u>	
<b>Total restricted funds</b>			609,199		528,160
<b>Unrestricted income funds</b>	15		104,740		57,144
<b>Total funds</b>			<u>713,939</u>		<u>585,304</u>

The financial statements on pages 18 to 38 were approved by the trustees, and authorised for issue on 13 December 2016 and are signed on their behalf by:



L Crawley  
Chair of trustees



J Goddard  
Headteacher

# Alban City Free School Limited

## Cash Flow Statement for the year ended 31 August 2016

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	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	18	185,779	197,290
<b>Cash flows from investing activities</b>	19	(41,539)	5,433
<b>Change in cash and cash equivalents in the reporting period</b>		<u>144,240</u>	<u>202,723</u>
<b>Cash and cash equivalents at 1 September 2015</b>		527,920	325,197
<b>Cash and cash equivalents at 31 August 2016</b>	20	<u>672,160</u>	<u>527,920</u>

# Alban City Free School Limited

## Notes to the Financial Statements for the year ended 31 August 2016

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### **1 Statement of Accounting Policies**

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

#### **Company information**

Alban City Free School is a limited company domiciled and incorporated in England and Wales. The registered office is 7 Hatfield Road, St Albans, AL1 3RR.

#### **Basis of Preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS102, 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 the EFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

#### **First time adoption of FRS 102**

These financial statements are the first financial statements of Alban City Free 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 for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

#### **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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

#### Grants

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 meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

#### Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### Donations

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

#### Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### Donated goods, facilities and services

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they 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.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

#### 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 a 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 the support costs involved in undertaking each activity. Direct costs attributable to a single activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.



# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

#### Charitable Activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

#### Expenditure on Raising Funds

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

All resources expended are inclusive of irrecoverable VAT.

#### 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold buildings	20 years straight line
Fixtures, fittings and equipment	5 year straight line
ICT equipment	3 year straight line

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 the 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 and services it must provide.

#### Provisions

Provisions can be recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle an obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the last pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

#### Leased Assets

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

#### Stock

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

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

#### Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### **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 part 11, chapter 3 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.

#### **Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **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 quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 1 Statement of Accounting Policies (continued)

#### Fund Accounting

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

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

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

#### Critical accounting estimates and areas of judgment

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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.

The value of notional rent recognised within charitable income and expenditure is based on the estimated rental value provided by a qualified chartered surveyor.

### 2 Donations and capital grants

	Unrestricted Funds £	Restricted General Funds £	Total 2016 £	Total 2015 £
Other donations	2,584	-	2,584	5,806
	<u>2,584</u>	<u>-</u>	<u>2,584</u>	<u>5,806</u>

The income from donations was £2,584 (2015: £5,806) of which £2,584 (2015: £5,806) was unrestricted.

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £ as restated
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	913,078	<b>913,078</b>	700,788
Start Up Grants	-	58,752	<b>58,752</b>	71,416
Other DfE/EFA grants	-	117,902	<b>117,902</b>	126,617
	-	1,089,732	<b>1,089,732</b>	898,821
<b>Other Government grants</b>				
Local authority grants	-	7,685	<b>7,685</b>	12,307
Local authority notional rent	-	250,000	<b>250,000</b>	250,000
Local authority capital grants	-	146,778	<b>146,778</b>	34,543
	-	404,463	<b>404,463</b>	296,850
<b>Other income</b>	22,102	-	<b>22,102</b>	5,270
	22,102	1,494,195	<b>1,516,297</b>	1,200,941

Funding for the Academy Trust's Educational Operations totalled £1,516,297 (2015: £1,200,941) of which £22,102 (2015: £5,270) was unrestricted, £1,341,824 (2015: £1,156,263) restricted and £152,371 (2015: £39,408) restricted fixed assets.

## 4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £ as restated
Hire of facilities	31,127	-	<b>31,127</b>	33,690
Other income	6,208	-	<b>6,208</b>	1,903
	37,335	-	<b>37,335</b>	35,593

The income from other trading activities totalled £37,335 (2015: £35,593) of which £37,335 (2015: £35,593) was unrestricted.

## 5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Short term deposits	4,393	-	<b>4,393</b>	3,066
	4,393	-	<b>4,393</b>	3,066

Investment income totalled £4,393 (2015: £3,066) of which £4,393 (2015: £3,066) was unrestricted.

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 6 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2016 £	Total 2015 £ as restated
		Premises £	Other £		
Expenditure on raising funds	4,835	-	13,983	<b>18,818</b>	18,326
Academy's educational operations:					
Direct costs	617,477	-	41,633	<b>659,110</b>	471,839
Allocated support costs	88,433	511,714	105,899	<b>706,046</b>	603,569
	<u>710,745</u>	<u>511,714</u>	<u>161,515</u>	<b><u>1,383,974</u></b>	<u>1,093,734</u>

Expenditure for the year totalled £1,383,974 (2015: £1,093,734) of which £18,818 (2015: £18,326) was unrestricted, £1,186,213 (2015: £997,060) restricted and £178,943 (2015: £78,348) restricted fixed assets.

Net income / (expenditure) for the period includes:

	2016 £	2015 £
Operating leases	890	185
Fees payable to auditor for:		
Audit	5,250	5,100
Other services	3,075	2,520
	<u>9,215</u>	<u>7,805</u>

## 7 Charitable Activities

	Total 2016 £	Total 2015 £ as restated
Direct costs - educational operations	659,110	471,839
Support costs - educational operations	706,046	603,569
	<u>1,365,156</u>	<u>1,075,408</u>

Support costs - educational operations	Educational operations £	Total 2016 £	Total 2015 £ as restated
Support staff costs	88,433	<b>88,433</b>	74,744
Depreciation	47,488	<b>47,488</b>	78,348
Technology costs	14,511	<b>14,511</b>	13,853
Premises costs	459,329	<b>459,329</b>	331,617
Other support costs	83,018	<b>83,018</b>	93,542
Governance costs	13,267	<b>13,267</b>	11,465
<b>Total support costs</b>	<u>706,046</u>	<b><u>706,046</u></b>	<u>603,569</u>

Direct costs totalled £659,110 (2015: £471,839) of which £659,110 (2015: £471,839) restricted. Support costs totalled £706,046 (2015: £603,569) of £527,103 (2015: £627,698) restricted and £178,943 (2015: £78,348) restricted fixed assets.

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 8 Staff

### a. Staff costs

	2016 £	2015 £
Staff costs during the period were:		
Wages and salaries	529,617	386,844
Social security costs	28,710	21,514
Operating costs of defined benefit pension scheme	97,677	65,677
	<u>656,004</u>	<u>474,035</u>
Supply staff costs	54,741	46,826
	<u>710,745</u>	<u>520,861</u>

### b. Staff numbers

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

	2016 No.	2015 No.
Teachers	9	7
Administration and support	12	10
	<u>21</u>	<u>17</u>

### c. Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	1	1

### d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £190,680 (2015: £177,022).

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

J. Goddard (principal and trustee):	
Remuneration	£65,000 - £70,000 (2015: £60,000 - £65,000)
Employer's pension contributions	£10,000 - £15,000 (2015: £5,000 - £10,000)
C Burke (staff trustee)	
Remuneration	£40,000 - £45,000 (2015: £35,000 - £40,000)
Employer's pension contributions	£5,000 - £10,000 (2015: £5,000 - £10,000)
J. Garcia (parent trustee)	
Remuneration	£5,000 - £10,000 (2015: £nil)
Employer's pension contributions	£0 - £5,000 (2015: £nil)

During the year ended 31 August 2016, travel and subsistence expenses totalling £nil (2015: £nil) were reimbursed or paid directly to trustees.

### 10 Trustees and officers insurance

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

### 11 Tangible fixed assets

	Assets under construction £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 September 2015	-	167,268	145,632	312,900
Additions	182,224	-	16,079	198,303
At 31 August 2016	182,224	167,268	161,711	511,203
<b>Depreciation</b>				
At 1 September 2015	-	79,836	122,485	202,321
Charged in year	-	33,312	14,176	47,488
At 31 August 2016	-	113,148	136,661	249,809
<b>Net book values</b>				
At 31 August 2016	182,224	54,120	25,050	261,394
At 31 August 2015	-	87,432	23,147	110,579



# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 12 Stock

	2016 £	2015 £
Clothing	482	450
	<u>482</u>	<u>450</u>

### 13 Debtors

	2016 £	2015 £
VAT recoverable	36,870	9,174
Other debtors	24,927	14,537
Prepayments and accrued income	3,455	5,238
	<u>65,252</u>	<u>28,949</u>

### 14 Creditors: Amounts falling due within one year

	2016 £	2015 £
Taxation and social security	12,221	6,815
Other creditors	150,622	7,678
Accruals and deferred income	69,506	66,101
	<u>232,349</u>	<u>80,594</u>

### Deferred income

	2016 £	2015 £
Deferred Income at 1 September 2015	49,449	47,824
Resources deferred in the year	50,032	49,449
Amounts released from previous years	(49,449)	(47,824)
Deferred Income at 31 August 2016	<u>50,032</u>	<u>49,449</u>

### Explanation of deferred income held at 31 August 2016

At the balance sheet date the academy trust was holding funds received in advance from the Department of Education for business rates and capital grant and for Universal Infant Free School Meals for the 2017 academic year.

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

15 Funds	Balance at			Gains, Losses and Transfers	Balance at 31 August 2016
	1 September 2015	Incoming Resources	Resources Expended		
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	419,581	913,078	(754,467)	(177,387)	400,805
Start Up Grant	-	58,752	(58,752)	-	-
Other DfE grants	-	112,309	(112,309)	-	-
Local Authority grants	-	257,685	(257,685)	-	-
Pension reserve	(2,000)	-	(3,000)	(48,000)	(53,000)
	<u>417,581</u>	<u>1,341,824</u>	<u>(1,186,213)</u>	<u>(225,387)</u>	<u>347,805</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	2,000	5,593	(766)	(4,837)	1,990
Capital expenditure from GAG	498	-	(229)	182,224	182,493
Local Authority capital Grants	108,081	146,778	(177,948)	-	76,911
	<u>110,579</u>	<u>152,371</u>	<u>(178,943)</u>	<u>177,387</u>	<u>261,394</u>
<b>Total restricted funds</b>	<u><b>528,160</b></u>	<u><b>1,494,195</b></u>	<u><b>(1,365,156)</b></u>	<u><b>(48,000)</b></u>	<u><b>609,199</b></u>
<b>Total unrestricted funds</b>	<u>57,144</u>	<u>66,414</u>	<u>(18,818)</u>	<u>-</u>	<u>104,740</u>
<b>Total funds</b>	<u><b>585,304</b></u>	<u><b>1,560,609</b></u>	<u><b>(1,383,974)</b></u>	<u><b>(48,000)</b></u>	<u><b>713,939</b></u>

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objectives 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 funders where the asset acquired or created is held for a specific purpose.

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

Under the funding agreement with the Secretary of State, the free school was not subject to limits on the amount of GAG that it could carry forward at 31 August 2016.

## 16 Analysis of net assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	261,394	261,394
Current assets	104,740	633,154	-	737,894
Current liabilities	-	(232,349)	-	(232,349)
Pension scheme liability	-	(53,000)	-	(53,000)
<b>Total net assets</b>	<u>104,740</u>	<u>347,805</u>	<u>261,394</u>	<u>713,939</u>

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 17 Financial Commitments

#### Operating Leases

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

#### Land and buildings

The free school's building 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.

	2016 £	2015 £
<b>Other</b>		
Amounts due within one year	940	185
Amounts due between two and five years	1,174	-
	<u>2,114</u>	<u>185</u>

### 18 Reconciliation of Net Income/(expenditure) to Net Cash Inflow from Operating Activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period	176,635	151,672
Adjusted for:		
Depreciation [note 11]	47,488	78,348
Capital Grants from DfE and other capital income	(152,371)	(39,408)
Interest receivable [note 5]	(4,393)	(3,066)
Defined benefit pension scheme cost less contributions payable [note 22]	3,000	2,000
(Increase)/decrease in stocks	(32)	195
(Increase)/decrease in debtors	(36,303)	1,872
Increase/(decrease) in creditors	151,755	5,677
<b>Net Cash provided by / (used in) Operating Activities</b>	<u>185,779</u>	<u>197,290</u>

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

<b>19</b>	<b>Cash flows from investing activities</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Dividends, interest and rents from investments	<b>4,393</b>	3,066
	Purchase of tangible fixed assets	<b>(198,303)</b>	(37,041)
	Capital grants from DfE/EFA	<b>5,593</b>	4,865
	Capital funding received from sponsors and others	<b>146,778</b>	34,543
	<b>Net Cash provided by / (used in) investing Activities</b>	<b>(41,539)</b>	<b>5,433</b>

<b>20</b>	<b>Analysis of cash and cash equivalents</b>	<b>At 31</b>	<b>At 31</b>
		<b>August</b>	<b>August</b>
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Cash in hand and at bank	<b>672,160</b>	527,920
	<b>Total cash and cash equivalents</b>	<b>672,160</b>	<b>527,920</b>

### **21** 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.

### **22** Pension and Similar Obligations

The academy'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 multi-employer 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 March 2016.

Contributions amounting to £11,454 were payable to the schemes at 31 August 2016 (2015: £7,678) and are included within creditors.

### 22 Pension and Similar Obligations (Continued)

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect 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 of 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 normal rate of return is 5.06%.

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

##### Teachers' Pension Scheme Changes

The employer's pension costs paid to TPS in the period amounted to £58,948 (2015: £35,325).

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

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

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 22 Pension and Similar Obligations (Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £43,000 (2015: £35,000), of which employer's contributions totalled £36,000 (2015: £28,000) and employees' contributions totalled £8,000 (2015: £6,000). The agreed contribution rates for future years are 25.3 per cent for employers and between 5.5 and 12.5 per cent for employees based on salary bands.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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	At 31 August 2015
Rate of increase in salaries	3.6%	4.0%
Rate of increase for pensions in payment/inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%
Expected return on assets	2.0%	3.7%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	<b>22.30</b>	22.30
Females	<b>24.50</b>	24.50
<i>Retiring in 20 years</i>		
Males	<b>24.30</b>	24.30
Females	<b>26.70</b>	26.70

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 £	Fair value at 31 August 2015 £
Equity instruments	<b>89,460</b>	52,000
Debt instruments	<b>39,760</b>	22,000
Property	<b>9,940</b>	6,000
Cash	<b>2,840</b>	3,000
<b>Total market value of assets</b>	<b>142,000</b>	83,000

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

The actual return on scheme assets was £17,000 (2015: 3,000).

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 22 Pension and Similar Obligations (continued)

	2016 £	2015 £
<b>Amounts recognised in the statement of financial activities</b>		
<b>Balance sheet</b>		
Defined benefit pension obligation	(53,000)	(2,000)
<b>Statement of Financial Activities</b>		
Current service cost (net of employee contributions)	38,000	30,000
Actuarial loss	48,000	-
	<b>2016</b>	<b>2015</b>
<b>Changes in the fair value of defined benefit obligations were as follows:</b>	<b>£</b>	<b>£</b>
<b>At 1 September</b>	<b>(85,000)</b>	<b>(46,000)</b>
Current service cost	(38,000)	(30,000)
Interest cost	(4,000)	(2,000)
Employee contributions	(8,000)	(6,000)
Benefits paid	1,000	-
Actuarial (gain)/loss	(61,000)	(1,000)
<b>At 31 August</b>	<b>(195,000)</b>	<b>(85,000)</b>
<b>Changes in the fair value of Academy's share of scheme assets:</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	<b>83,000</b>	<b>46,000</b>
Interest income	4,000	2,000
Employee contributions	8,000	6,000
Employer contributions	35,000	28,000
Benefits paid	(1,000)	-
Actuarial (gain)/loss	13,000	1,000
<b>At 31 August</b>	<b>142,000</b>	<b>83,000</b>

## 23 Related Party Transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 24 Explanation of transition to FRS 102

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

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

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

<b>Reconciliation of total funds</b>	<b>Notes</b>	<b>01 September 2014</b>	<b>31 August 2015</b>
		<b>£</b>	<b>£</b>
Total funds under previous UK GAAP		433,632	585,304
Employee benefits accrual	B	-	-
Total funds reported under FRS 102		<u>433,632</u>	<u>585,304</u>

<b>Reconciliation of net income/(expenditure)</b>	<b>Notes</b>	<b>31 August 2015</b>
		<b>£</b>
Net income/(expenditure) previously reported under UK GAAP		152,672
Change in recognition of LGPS interest cost	A	<u>(1,000)</u>
Net movement in funds reported under FRS 102		<u>151,672</u>

#### **A – Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £1,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

#### **Cash flow statement**

The adoption of FRS 102 has required certain presentational changes to the cash flow statement, although the cash flow statement presents substantially the same information as under previous UK GAAP. Under previous UK GAAP cash flows are presented under nine standard headings whereas under FRS 102 the requirement is to classify cash flows into operating, investing and financing activities.