

# Alban City Free School Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements  
For the year ended 31 August 2020

# Alban City Free School Limited

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## Alban City Free School Limited Reference and Administrative Details

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|                                 |  |
|---------------------------------|--|
| Members                         | L.H. Crawley<br>G. Baisley<br>J.M. Graham<br>H. C. Isham<br>S.M. Ison<br>L.S. Jubb<br>K.L Leahy<br>P Telford   |
| Governors                       | L.H. Crawley (Chair of Governors)<br>C. Ashcroft * (Resigned 7 November 2020)<br>G. Baisley<br>C. Carter #<br>J. M. Graham<br>L. Hind # (Resigned 1 December 2020)<br>S.M. Ison (Resigned 9 November 2020)<br>M.L. Jones<br>L.S. Jubb<br>K.L Leahy<br>R.I. Rickwood (Resigned 10 July 2020)<br>K. Shah<br>G Stray (Headteacher and Accounting Officer)<br>P. A Willoughby<br>K. Dixon * (Appointed 16 October 2020)<br>C. Toms * (Appointed 16 October 2020)<br>C Ellis * (Appointed 1 December 2020)<br><br>* Parent Governor<br># Staff Governor |
| Senior Management Team:         |  |
| Headteacher                     | G Stray  |
| Deputy Headteacher              | C. Carter  |
| Phase 1 Leader                  | R Jackson  |
| Phase 2 Leader                  | D. Bushell   |
| Phase 3 Leader                  | L. Hind  |
| Business Manager                | P. Stapleton   |
| Principal and Registered Office | 7 Hatfield Road<br>St Albans<br>Herts<br>AL1 3RR   |
| Company Registration Number     | 07644208 (England and Wales)   |

Alban City Free School Limited  
Reference and Administrative Details

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Independent Auditor  
Moore Kingston Smith LLP  
4 Victoria Square  
St Albans  
Herts  
AL1 3TF

Bankers  
Lloyds Bank  
PO BOX 1000  
BX1 1LT

Solicitors  
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 start of the academic year in September 2018 the school reached full capacity with 2 classes from Reception up 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 2018 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.

No educational results are available for 2019/2020 because all statutory assessments were cancelled by the government due to the coronavirus pandemic. The school closed to most pupils between 23rd March and 1st June 2020 for the national lockdown, but remained open during this period for vulnerable children and children of key workers. For the second half of the summer term the school re-opened to pupils in Reception, Year 1 and Year 6 in accordance with guidelines from the government. The school has continued to receive its usual funding from the ESFA for the whole year and although it has incurred some additional expenditure on cleaning costs and lost some income from external hirings, the overall financial impact of COVID-19 to date has not been significant.

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 1, 2 and 3 Leaders and Business Manager is in place and oversees the strategic development of the school. The school's finances are kept under close review and whilst healthy reserves were built up during the school's first 6 years of operation, the tightening of funding in future will mean that the school will need to continue to be prudent with its expenditure.

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

Gilly Stray  
Headteacher

# 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 2020. 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 14 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 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.

### 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, 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.

## **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.

## Objectives, Strategies and Activities

As stated in the School Development Plan for 2019-20, Alban City School has focused on the following objectives during the year:

1. To improve rates of progress in writing across the school.
2. To improve outcomes for disadvantaged children and children with Special Educational Needs.
3. To evaluate the intent and implementation of the curriculum.
4. To improve outcomes for children in Early Years by developing the provision.
5. To continue to strengthen partnerships with parents.

## 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

The coronavirus pandemic caused the school to close for most pupils from 23rd March to 1st June 2020, remaining open only for vulnerable children and children of key workers. During this time, learning moved online to Google classrooms. For the second half of the summer term the school re-opened to pupils in Reception, Year 1 and Year 6 in accordance with guidelines from the government. The school has continued to receive its usual funding from the ESFA for the whole year and although it has incurred some additional expenditure on cleaning costs and lost some income from external hirings, the overall financial impact of COVID-19 to date has not been significant.

### Key Performance Indicators

The governors monitor several Key Performance Indicators, both financial and operational. The key financial KPIs are as follows:

|  | 2020  | 2019 |
|--|-------|------|
| Total staff cost (% of total expenditure)      | 71%   | 66%  |
| Teaching staff cost (% total expenditure)      | 42%   | 39%  |
| Supply staff cost (% of total expenditure)     | 2.3%  | 5.0% |
| Expenditure on energy (% of total expenditure) | 0.9%  | 1.1% |
| Net income (% of total income)                 | 74.2% | 4.2% |
| Pupil teacher ratio                            | 23.9  | 24.8 |



As funding is based on pupil numbers this is also a key performance indicator. From September 2018 the school has had 14 classes with a Published Admission Number (PAN) of 420. The total number of pupils recorded in the school census in October 2019 was 398.

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 2020 demonstrates total income of £8,187,101 with a surplus at 31 August 2020 of £6,234,250. These results include a donation in kind of £6,188,447 which arose on the signing of the 125 year lease of the school site on 1 July 2020. 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.

The governors are aware that since opening, the school has received annual start up grants from the Department for Education and capital grants from the Local Authority. These sources of funding will cease after the current year as the school has reached full capacity. Although reserves have been built up gradually since 2012 the governors are aware that costs must be closely monitored with the aim of the school maintaining a breakeven position year on year going forwards.

### **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 £233,000 for the year ended 31 August 2020. 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 2020 was £724,151. This is higher than required as the school has built up short term cash deposits to cover future building improvements.

## 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:

- *COVID-19*

Although schools have remained open during the second lockdown in November 2020, COVID-19 still presents considerable operational challenges for the foreseeable future. Governors are satisfied that all appropriate health and safety guidelines issued by the government are being followed, which has led to some increased cleaning costs but overall governors are confident that the school is in a good position to continue to operate safely over the next few months.

- *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.
- For Governors to ensure the school continues to develop in line with the vision of the school.

## **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 14 December 2020 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 3 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)     | 2                        | 3                        |
| Chris Ashcroft            | 3                        | 3                        |
| Gordon Baisley            | 3                        | 3                        |
| Cathy Carter              | 3                        | 3                        |
| Janice Graham             | 3                        | 3                        |
| Louise Hind               | 3                        | 3                        |
| Sandra Ison               | 3                        | 3                        |
| Matthew Jones             | 2                        | 3                        |
| Lara Jubb                 | 3                        | 3                        |
| Kate Leahy                | 3                        | 3                        |
| Richard Rickwood          | 3                        | 3                        |
| Kalpesh Shah              | 3                        | 3                        |
| Gilly Stray (Headteacher) | 3                        | 3                        |
| Paula Wiloughby           | 3                        | 3                        |

The Academies Financial Handbook sets out that the governing body and its committees must meet regularly enough to discharge their responsibilities and ensure robust governance and effective management arrangements. It states that full governing body meetings must take place at least 3 times a year and larger trusts should consider meeting more frequently. It also states that management accounts should be shared with the chair of governors monthly, with other governors six times a year and considered by the full governing body when it meets. As Alban City School is a single academy trust, and all governors are members of either the Pupil Achievement Committee or the Resource Committee (which each also meet termly), the governors consider that holding 3 full governing body meetings per year is appropriate. During the year, the management accounts have been shared with all governors on a bi-monthly basis which has ensured effective oversight of funds.

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> |
|---------------------------|--------------------------|--------------------------|
| Chris Ashcroft            | 3                        | 3                        |
| Gordon Baisley (Chair)    | 3                        | 3                        |
| Linda Crawley             | 1                        | 3                        |
| Kate Leahy                | 3                        | 3                        |
| Richard Rickwood          | 3                        | 3                        |
| Kalpesh Shah              | 3                        | 3                        |
| Gilly Stray (Headteacher) | 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:

| <b>Governor</b>           | <b>Meetings attended</b> | <b>Out of a possible</b> |
|---------------------------|--------------------------|--------------------------|
| Cathy Carter              | 3                        | 3                        |
| Linda Crawley             | 3                        | 3                        |
| Janice Graham             | 2                        | 3                        |
| Louise Hind               | 3                        | 3                        |
| Sandra Ison               | 3                        | 3                        |
| Matthew Jones             | 3                        | 3                        |
| Lara Jubb (Chair)         | 3                        | 3                        |
| Gilly Stray (Headteacher) | 3                        | 3                        |
| Paula Willoughby          | 3                        | 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:

- increasing the size of the Inclusion team in order to provide further support to children with additional needs so that they can progress in line with other children
- Increasing the working hours of specialist teachers for music, languages and PE

- 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 2019 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 2019 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;
- 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 appointed Herts for Learning Ltd as an independent internal auditor 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 internal auditor reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

During the year the internal auditor carried out 3 termly reviews 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 internal auditor;
- 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 improvement of the system is in place.

Approved by order of the members of the governing body on 14 December 2020 and signed on its behalf by:

**Signed**



**LH Crawley**  
Chair

**Signed**



**G Stray**  
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**

A handwritten signature in black ink, appearing to read 'G Stray', written in a cursive style.

**G Stray**

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 14 December 2020 and signed on its behalf by:

**Signed**



**LH Crawley**  
Chair

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

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## **Opinion**

We have audited the financial statements of Alban City Free School Limited ('the academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

## **Other information**

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

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

We have nothing to report in this regard.

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

(continued)

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## **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

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

## **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Use of this report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters 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.

Moore Kingston Smith LLP

Date: 16 December 2020

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

4 Victoria Square  
St Albans  
Hertfordshire  
AL1 3TF

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

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In accordance with the terms of our engagement letter dated 12 September 2019 and further to the requirements of the Education Funding and Skills Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020 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 1 September 2019 to 31 August 2020 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Alban City Free School Limited and ESFA, 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 1 September 2012 and the Academies Financial Handbook, extant from 1 September 2020 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 2019 to 2020 . We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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The work undertaken to draw to our conclusion includes:

- review of financial records for unusual transactions
- sample testing expenditure transactions were reasonable, appropriate and appropriately authorised in accordance with the trust's procurement policy
- review the minutes of the Board meetings
- review the processes and controls to identify related party transactions and potential conflicts
- obtaining formal representations from the Board and the accounting officer
- reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

### **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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Kingston Smith LLP

Date: 16 December 2020

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

4 Victoria Square  
St Albans  
Hertfordshire  
AL1 3TF

Alban City Free School Limited  
Statement of Financial Activities for the year ended 31 August 2020  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

|   | Note   | Unrestricted Funds<br>£ | Restricted General Funds<br>£ | Restricted Fixed Asset Funds<br>£ | Total 2020<br>£  | Total 2019<br>£  |
|---|--------|-------------------------|-------------------------------|-----------------------------------|------------------|------------------|
| <b>Income and endowments from:</b>                          |        |                         |                               |                                   |                  |                  |
| Donations and capital grants                                | 2      | 14,315                  | -                             | 6,196,625                         | 6,210,940        | 73,242           |
| Charitable activities:                                      |        |                         |                               |                                   |                  |                  |
| Funding for the academy trust's educational operations      | 3      | 65,729                  | 1,875,673                     | -                                 | 1,941,402        | 1,981,153        |
| Other trading activities                                    | 4      | 25,332                  | -                             | -                                 | 25,332           | 40,257           |
| Investments   | 5      | 9,427                   | -                             | -                                 | 9,427            | 7,136            |
| <b>Total</b>  |        | <b>114,803</b>          | <b>1,875,673</b>              | <b>6,196,625</b>                  | <b>8,187,101</b> | <b>2,101,788</b> |
| <b>Expenditure on:</b>                                      |        |                         |                               |                                   |                  |                  |
| Raising funds   | 6      | 5,341                   | -                             | -                                 | 5,341            | 10,718           |
| Charitable activities:                                      |        |                         |                               |                                   |                  |                  |
| Academy trust educational operations                        | 6, 7   | 55,749                  | 1,979,594                     | 68,167                            | 2,103,510        | 2,003,284        |
| <b>Total</b>  |        | <b>61,090</b>           | <b>1,979,594</b>              | <b>68,167</b>                     | <b>2,108,851</b> | <b>2,014,002</b> |
| <b>Net income/(expenditure)</b>                             |        | <b>53,713</b>           | <b>(103,921)</b>              | <b>6,128,458</b>                  | <b>6,078,250</b> | <b>87,786</b>    |
| Transfers between funds                                     | 16     | -                       | (151,590)                     | 151,590                           | -                | -                |
| <b>Other recognised gains/(losses):</b>                     |        |                         |                               |                                   |                  |                  |
| Actuarial (losses)/gains on defined benefit pension schemes | 16, 25 | -                       | 156,000                       | -                                 | 156,000          | (80,000)         |
| <b>Net movement in funds</b>                                |        | <b>53,713</b>           | <b>(99,511)</b>               | <b>6,280,048</b>                  | <b>6,234,250</b> | <b>7,786</b>     |
| <b>Reconciliation of funds</b>                              |        |                         |                               |                                   |                  |                  |
| Total funds brought forward                                 |        | 245,843                 | 438,106                       | 300,802                           | 984,751          | 976,965          |
| <b>Total funds carried forward</b>                          |        | <b>299,556</b>          | <b>338,595</b>                | <b>6,580,850</b>                  | <b>7,219,001</b> | <b>984,751</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 2020

|   | Notes | 2020<br>£        | 2020<br>£        | 2019<br>£        | 2019<br>£        |
|---|-------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>                             |       |                  |                  |                  |                  |
| Tangible assets                                 | 11    |                  | <u>6,580,850</u> |                  | <u>300,802</u>   |
|   |       |                  | 6,580,850        |                  | 300,802          |
| <b>Current assets</b>                           |       |                  |                  |                  |                  |
| Stock   | 13    | 539              |                  | 643              |                  |
| Debtors   | 14    | 35,796           |                  | 33,704           |                  |
| Cash at bank and in hand                        |       | <u>824,604</u>   |                  | <u>974,505</u>   |                  |
|   |       | 860,939          |                  | 1,008,852        |                  |
| <b>Liabilities</b>                              |       |                  |                  |                  |                  |
| Creditors : Amounts falling due within one year | 15    | <u>(136,788)</u> |                  | <u>(166,903)</u> |                  |
| <b>Net current assets/(liabilities)</b>         |       |                  | <u>724,151</u>   |                  | <u>841,949</u>   |
| <b>Total assets less current liabilities</b>    |       |                  | 7,305,001        |                  | 1,142,751        |
| <b>Net assets excluding pension liability</b>   |       |                  | <u>7,305,001</u> |                  | <u>1,142,751</u> |
| Defined benefit pension scheme liability        | 25    |                  | (86,000)         |                  | (158,000)        |
| <b>Total net assets</b>                         |       |                  | <u>7,219,001</u> |                  | <u>984,751</u>   |
| <b>Funds of the academy trust:</b>              |       |                  |                  |                  |                  |
| <b>Restricted funds</b>                         |       |                  |                  |                  |                  |
| Fixed asset fund                                | 16    | 6,580,850        |                  | 300,802          |                  |
| General fund                                    | 16    | 424,595          |                  | 596,106          |                  |
| Pension reserve                                 | 16    | <u>(86,000)</u>  |                  | <u>(158,000)</u> |                  |
| <b>Total restricted funds</b>                   |       |                  | 6,919,445        |                  | 738,908          |
| <b>Unrestricted income funds</b>                | 16    |                  | 299,556          |                  | 245,843          |
| <b>Total funds</b>                              |       |                  | <u>7,219,001</u> |                  | <u>984,751</u>   |

The financial statements on pages 23 to 36 were approved by the trustees, and authorised for issue on 14 December 2020 and are signed on their behalf by:

*Linda Crawley*

L Crawley

Chair of Trustees

Company Registration Number: 07644208 (England and Wales)



Alban City Free School Limited

Statement of Cash Flow for the year ended 31 August 2020

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|  | Notes     | 2020<br>£             | 2019<br>£      |
|--|-----------|-----------------------|----------------|
| <b>Cash flows from operating activities</b>                        |           |                       |                |
| <b>Net cash provided by/(used in) operating activities</b>         | <b>20</b> | (7,738)               | 162,939        |
| <b>Cash flows from investing activities</b>                        | <b>21</b> | (142,163)             | (3,391)        |
| <b>Change in cash and cash equivalents in the reporting period</b> |           | <u>(149,901)</u>      | <u>159,548</u> |
| <b>Cash and cash equivalents at 1 September 2019</b>               |           | 974,505               | 814,957        |
| <b>Cash and cash equivalents at 31 August 2020</b>                 |           | <u><b>824,604</b></u> | <u>974,505</u> |

## 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 Limited is a private company limited by guarantee, domiciled and incorporated in England and Wales. The registered office and principal place of business is 7 Hatfield Road, St Albans, Herts, AL1 3RR.

### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102))', the Academies Accounts Direction 2019 to 2020 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Alban City Free School Limited meets the definition of a public benefit entity under FRS 102.

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.

### Going Concern

The financial statements are prepared on a going concern basis which assumes the academy trust will continue in operational existence for the foreseeable future. The trustees have assessed whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern for a period of at least one year from the date of authorisation for issue of the financial statements. They have considered the impact of Covid-19 on the school's operations and reviewed budgets and forecasts. Whilst there have been considerable operational challenges in response to the pandemic, the Trust's funding has not been significantly affected and pupil numbers are expected to remain stable. After making enquiries, the trustees 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. Accordingly they continue to adopt the going concern basis 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.

#### • 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 fixed assets, goods, facilities and services

Donated fixed assets are included at fair value. The value is determined by a third party valuers. Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

**1 Statement of Accounting Policies (continued)****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.

- **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.

- **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.

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 over its expected useful life, as follows:

|                                  |                         |
|----------------------------------|-------------------------|
| Long Leasehold Land              | 125 years straight line |
| Long Leasehold Building          | 20 years straight line  |
| Fixtures, fittings and equipment | 5 years straight line   |
| Computer hardware                | 3 years 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.

**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.

## 1 Statement of Accounting Policies (continued)

### Financial Instruments

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

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not 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 liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### 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.

### 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. 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.

### 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.

**1 Statement of Accounting Policies (continued)****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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

**2 Donations and capital grants**

|                      | Unrestricted<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total<br>2020<br>£ |
|----------------------|----------------------------|-------------------------------------|---|--------------------|
| Capital Grants       | -                          | -                                   | 8,178                                   | 8,178              |
| Donations in kind    | -                          | -                                   | 6,188,447                               | 6,188,447          |
| Other donations      | 14,315                     | -                                   | -                                       | 14,315             |
| <b>2019/20 Total</b> | <b>14,315</b>              | <b>-</b>                            | <b>6,196,625</b>                        | <b>6,210,940</b>   |
| <b>2018/19 Total</b> | <b>12,556</b>              | <b>-</b>                            | <b>60,686</b>                           | <b>73,242</b>      |

During the year the 125 year lease of 7 Hatfield Road between Hertfordshire County Council and Alban City Free School was signed. The land and buildings were independently valued by a RICS qualified valuer at £6,575,000. The net book value of the land and buildings prior to the valuation was £386,553 therefore a donation in kind of £6,188,447 has been recognised in the Statement of Financial Activities.

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

|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|---|----------------------------|--------------------------|--------------------|--------------------|
| <b>DfE / ESFA revenue grants</b>                                    |                            |                          |                    |                    |
| General Annual Grant (GAG)  | -                          | 1,420,691                | 1,420,691          | 1,430,562          |
| Start Up Grants   | -                          | -                        | -                  | 19,000             |
| Other DfE/ESFA grants   | -                          | 221,860                  | 221,860            | 158,614            |
|   | -                          | 1,642,551                | 1,642,551          | 1,608,176          |
| <b>Other Government grants</b>                                      |                            |                          |                    |                    |
| Local authority grants  | -                          | 23,122                   | 23,122             | 5,367              |
| Local authority notional rent                                       | -                          | 210,000                  | 210,000            | 250,000            |
|   | -                          | 233,122                  | 233,122            | 255,367            |
| <b>Other Income from the academy trust's educational operations</b> | <b>65,729</b>              | <b>-</b>                 | <b>65,729</b>      | <b>117,610</b>     |
| <b>2019/20 Total</b>  | <b>65,729</b>              | <b>1,875,673</b>         | <b>1,941,402</b>   | <b>1,981,153</b>   |
| <b>2018/19 Total</b>  | <b>117,610</b>             | <b>1,863,543</b>         |                    | <b>1,981,153</b>   |

**4 Other trading activities**

|                      | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|----------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities   | 23,451                     | -                        | 23,451             | 35,440             |
| Other income         | 1,881                      | -                        | 1,881              | 4,817              |
| <b>2019/20 Total</b> | <b>25,332</b>              | <b>-</b>                 | <b>25,332</b>      | <b>40,257</b>      |
| <b>2018/19 Total</b> | <b>40,257</b>              | <b>-</b>                 |                    | <b>40,257</b>      |

**5 Investment income**

|                      | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|----------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits  | 9,427                      | -                        | 9,427              | 7,136              |
| <b>2019/20 Total</b> | <b>9,427</b>               | <b>-</b>                 | <b>9,427</b>       | <b>7,136</b>       |
| <b>2018/19 Total</b> | <b>7,136</b>               | <b>-</b>                 |                    | <b>7,136</b>       |

**6 Expenditure**

|                                   | Staff<br>Costs<br>£ | Non Pay Expenditure |                | Total<br>2020<br>£ | Total<br>2019<br>£ |
|-----------------------------------|---------------------|---------------------|----------------|--------------------|--------------------|
|                                   |                     | Premises<br>£       | Other<br>£     |                    |                    |
| Expenditure on raising funds:     |                     |                     |                |                    |                    |
| Direct costs                      | 1,752               | -                   | 3,589          | 5,341              | 10,718             |
| Academy's educational operations: |                     |                     |                |                    |                    |
| Direct costs                      | 1,314,450           | -                   | 85,856         | 1,400,306          | 1,277,382          |
| Allocated support costs           | 159,069             | 373,741             | 170,394        | 703,204            | 725,902            |
| <b>2019/20 Total</b>              | <b>1,475,271</b>    | <b>373,741</b>      | <b>259,839</b> | <b>2,108,851</b>   | <b>2,014,002</b>   |
| <b>2018/19 Total</b>              | <b>1,297,166</b>    | <b>399,545</b>      | <b>317,291</b> |                    | <b>2,014,002</b>   |

Net income/(expenditure) for the period includes:

|                              | 2020<br>£ | 2019<br>£ |
|------------------------------|-----------|-----------|
| Operating leases rentals     | 1,167     | 1,110     |
| Depreciation                 | 68,167    | 43,719    |
| Fees payable to auditor for: |           |           |
| Audit                        | 5,950     | 5,600     |
| Other services               | 1,300     | 2,900     |

**7 Charitable Activities**

|  | Unrestricted<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|--|----------------------------|-------------------------------------|---|--------------------|--------------------|
| Direct costs - educational operations  | 8,398                      | 1,391,908                           | -                                       | 1,400,306          | 1,277,382          |
| Support costs - educational operations | 47,351                     | 587,686                             | 68,167                                  | 703,204            | 725,902            |
| <b>2019/20 Total</b>                   | <b>55,749</b>              | <b>1,979,594</b>                    | <b>68,167</b>                           | <b>2,103,510</b>   | <b>2,003,284</b>   |
| <b>2018/19 Total</b>                   | <b>93,888</b>              | <b>1,865,677</b>                    | <b>43,719</b>                           |                    | <b>2,003,284</b>   |

**Analysis of support costs**

|                            | Educational<br>operations<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|----------------------------|--------------------------------|--------------------|--------------------|
| Support staff costs        | 159,069                        | 159,069            | 139,973            |
| Depreciation               | 68,167                         | 68,167             | 43,719             |
| Technology costs           | 17,400                         | 17,400             | 16,217             |
| Premises costs             | 305,574                        | 305,574            | 355,826            |
| Other support costs        | 126,702                        | 126,702            | 149,705            |
| Legal costs                | 677                            | 677                | -                  |
| Governance costs           | 25,615                         | 25,615             | 20,462             |
| <b>Total support costs</b> | <b>703,204</b>                 | <b>703,204</b>     | <b>725,902</b>     |

**8 Staff****a. Staff costs**

Staff costs during the period were:

|   | <b>2020</b>      | <b>2019</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Wages and salaries                                | 1,045,394        | 945,104          |
| Social security costs                             | 83,097           | 76,709           |
| Operating costs of defined benefit pension scheme | 319,585          | 207,431          |
|   | <u>1,448,076</u> | <u>1,229,244</u> |
| Supply staff costs                                | 27,195           | 67,922           |
|   | <u>1,475,271</u> | <u>1,297,166</u> |

**b. Staff numbers**

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

|                            | <b>2020</b> | <b>2019</b> |
|----------------------------|-------------|-------------|
|                            | <b>No.</b>  | <b>No.</b>  |
| Teachers                   | 20          | 19          |
| Administration and support | 29          | 28          |
|                            | <u>49</u>   | <u>47</u>   |

**c. Higher paid staff**

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

None in 2020 or 2019.

**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 £328,741 (2019: £298,687).

**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.

|                                  |   |
|----------------------------------|---|
| C Carter (staff trustee)         |   |
| Remuneration                     | £40,000 - £45,000 (2019: £30,000 - £35,000) |
| Employer's pension contributions | £5,000 - £10,000 (2019: £0 - £5,000)        |
| G Stray (principal and trustee)  |   |
| Remuneration                     | £55,000 - £60,000 (2019: £45,000 - £50,000) |
| Employer's pension contributions | £10,000 - £15,000 (2019: £5,000 - £10,000)  |
| L Hind (staff trustee)           |   |
| Remuneration                     | £40,000 - £45,000 (2019: £40,000 - £45,000) |
| Employer's pension contributions | £10,000 - £15,000 (2019: £5,000 - £10,000)  |

During the year ended 31 August 2020, travel and subsistence expenses totalling £nil (2019: £nil) were reimbursed or paid directly to 0 trustees (2019: 0 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<br>Under<br>Construction<br>£ | Leasehold<br>Land and<br>Buildings<br>£ | Furniture and<br>Equipment<br>£ | Computer<br>Equipment<br>£ | Total<br>£              |
|------------------------------|--------------------------------------|---|---------------------------------|----------------------------|-------------------------|
| <b>Cost</b>                  |                                      |   |                                 |                            |                         |
| At 1 September 2019          | 50,713                               | 239,413                                 | 176,114                         | 173,346                    | <b>639,586</b>          |
| Transfer of class            | (50,713)                             | 50,713                                  | -                               | -                          | -                       |
| Additions                    | -                                    | 6,575,000                               | 220                             | 17,350                     | <b>6,592,570</b>        |
| Revaluation on land transfer | -                                    | (290,126)                               | -                               | -                          | <b>(290,126)</b>        |
| Disposals                    | -                                    | -                                       | -                               | (18,454)                   | <b>(18,454)</b>         |
| At 31 August 2020            | <u>-</u>                             | <u>6,575,000</u>                        | <u>176,334</u>                  | <u>172,242</u>             | <u><b>6,923,576</b></u> |
| <b>Depreciation</b>          |                                      |   |                                 |                            |                         |
| At 1 September 2019          | -                                    | 35,021                                  | 171,514                         | 132,249                    | <b>338,784</b>          |
| Charged in year              | -                                    | 43,735                                  | 1,860                           | 22,572                     | <b>68,167</b>           |
| Revaluation on land transfer | -                                    | (45,771)                                | -                               | -                          | <b>(45,771)</b>         |
| Disposals                    | -                                    | -                                       | -                               | (18,454)                   | <b>(18,454)</b>         |
| At 31 August 2020            | <u>-</u>                             | <u>32,985</u>                           | <u>173,374</u>                  | <u>136,367</u>             | <u><b>342,726</b></u>   |
| <b>Net book values</b>       |                                      |   |                                 |                            |                         |
| At 31 August 2020            | <u>-</u>                             | <u><b>6,542,015</b></u>                 | <u><b>2,960</b></u>             | <u><b>35,875</b></u>       | <u><b>6,580,850</b></u> |
| At 31 August 2019            | <u>50,713</u>                        | <u>204,392</u>                          | <u>4,600</u>                    | <u>41,097</u>              | <u>300,802</u>          |

The trust's transactions relating to land and buildings included:

- the 125 year lease of 7 Hatfield Road signed on 1 July 2020 between Hertfordshire County Council and Alban City Free School. The land and buildings were independently valued by RICS qualified valuers at £6,575,000.

**12 Financial instruments**

|   | 2020<br>£             | 2019<br>£      |
|---|-----------------------|----------------|
| <b>Carrying amount of financial assets</b>      |                       |                |
| Debt instruments measured at amortised cost     | 18,350                | 31,018         |
|   | <u><b>18,350</b></u>  | <u>31,018</u>  |
| <b>Carrying amount of financial liabilities</b> |                       |                |
| Measured at amortised cost                      | <u><b>117,249</b></u> | <u>145,534</u> |

**13 Stock**

|          | 2020<br>£         | 2019<br>£  |
|----------|-------------------|------------|
| Clothing | 539               | 643        |
|          | <u><b>539</b></u> | <u>643</u> |

**14 Debtors**

|                                | 2020<br>£            | 2019<br>£     |
|--------------------------------|----------------------|---------------|
| VAT recoverable                | 10,148               | 19,433        |
| Other debtors                  | 8,202                | 11,585        |
| Prepayments and accrued income | 17,446               | 2,686         |
|                                | <u><b>35,796</b></u> | <u>33,704</u> |



**15 Creditors: Amounts falling due within one year**

|                                    | 2020<br>£      | 2019<br>£      |
|------------------------------------|----------------|----------------|
| Trade creditors                    | -              | 894            |
| Other taxation and social security | 19,539         | 21,369         |
| Other creditors                    | 25,500         | 21,227         |
| Accruals and deferred income       | 91,749         | 123,413        |
|                                    | <u>136,788</u> | <u>166,903</u> |

**Deferred income**

|  | 2020<br>£     | 2019<br>£     |
|--|---------------|---------------|
| Deferred income as at 1 September 2019 | 47,690        | 51,949        |
| Resources deferred in the year         | 63,802        | 47,690        |
| Amounts released from previous years   | (47,690)      | (51,949)      |
| Deferred income as at 31 August 2020   | <u>63,802</u> | <u>47,690</u> |

At the balance sheet date the academy trust was holding funds received in advance from the Department of Education for business rates and Universal Free School Meals for the 2020 academic year as well as £14k relating to postponed trip.

**16 Funds**

|   | Balance at<br>1 September<br>2019<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Gains,<br>Losses and<br>Transfers<br>£ | Balance at<br>31 August<br>2020<br>£ |
|---|--|----------------------------|----------------------------|--|--------------------------------------|
| <b>Restricted general funds</b>         |  |                            |                            |  |                                      |
| General Annual Grant (GAG)              | 596,106                                | 1,420,691                  | (1,440,612)                | (151,590)                              | 424,595                              |
| Start Up Grant                          | -                                      | -                          | -                          | -                                      | -                                    |
| Other DfE/ESFA grants                   | -                                      | 221,860                    | (221,860)                  | -                                      | -                                    |
| Local Authority Grant and Notional Rent | -                                      | 233,122                    | (233,122)                  | -                                      | -                                    |
| Pension reserve                         | (158,000)                              | -                          | (84,000)                   | 156,000                                | (86,000)                             |
|   | <u>438,106</u>                         | <u>1,875,673</u>           | <u>(1,979,594)</u>         | <u>4,410</u>                           | <u>338,595</u>                       |
| <b>Restricted fixed asset funds</b>     |  |                            |                            |  |                                      |
| DfE/ESFA capital grants                 | -                                      | 8,178                      | -                          | (8,178)                                | -                                    |
| Local Authority Capital Grants          | 34,034                                 | -                          | (19,463)                   | -                                      | 14,571                               |
| Capital expenditure from GAG            | 266,768                                | -                          | (15,719)                   | (226,785)                              | 24,264                               |
| Donated land and building               | -                                      | 6,188,447                  | (32,985)                   | 386,553                                | 6,542,015                            |
|   | <u>300,802</u>                         | <u>6,196,625</u>           | <u>(68,167)</u>            | <u>151,590</u>                         | <u>6,580,850</u>                     |
| <b>Total restricted funds</b>           | <u>738,908</u>                         | <u>8,072,298</u>           | <u>(2,047,761)</u>         | <u>156,000</u>                         | <u>6,919,445</u>                     |
| <b>Total unrestricted funds</b>         | <u>245,843</u>                         | <u>114,803</u>             | <u>(61,090)</u>            | <u>-</u>                               | <u>299,556</u>                       |
| <b>Total funds</b>                      | <u>984,751</u>                         | <u>8,187,101</u>           | <u>(2,108,851)</u>         | <u>156,000</u>                         | <u>7,219,001</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 2020.

**16 Funds (continued)**

Comparative information in respect of the preceding period is as follows:

|   | <b>Balance at<br/>1 September<br/>2018</b> | <b>Incoming<br/>Resources</b> | <b>Resources<br/>Expended</b> | <b>Gains,<br/>Losses and<br/>Transfers</b> | <b>Balance at<br/>31 August<br/>2019</b> |
|---|--|-------------------------------|-------------------------------|--|--|
|   | £  | £                             | £                             | £  | £  |
| <b>Restricted general funds</b>         |  |                               |                               |  |  |
| General Annual Grant (GAG)              | 572,767                                    | 1,430,562                     | (1,396,696)                   | (10,527)                                   | 596,106                                  |
| Start Up Grant                          | -  | 19,000                        | (19,000)                      | -  | -  |
| Other DfE/ESFA grants                   | -  | 158,613                       | (158,613)                     | -  | -  |
| Local Authority Grant and Notional Rent | -  | 255,368                       | (255,368)                     | -  | -  |
| Pension reserve                         | (42,000)                                   | -                             | (36,000)                      | (80,000)                                   | (158,000)                                |
|   | <u>530,767</u>                             | <u>1,863,543</u>              | <u>(1,865,677)</u>            | <u>(90,527)</u>                            | <u>438,106</u>                           |
| <b>Restricted fixed asset funds</b>     |  |                               |                               |  |  |
| DfE/ESFA capital grants                 | 500  | 19,766                        | (500)                         | (19,766)                                   | -  |
| Local Authority Capital Grants          | 56,495                                     | 5,920                         | (28,381)                      | -  | 34,034                                   |
| Capital expenditure from GAG            | 216,313                                    | -                             | (14,838)                      | 65,293                                     | 266,768                                  |
| Donated land and building               | -  | 35,000                        | -                             | (35,000)                                   | -  |
|   | <u>273,308</u>                             | <u>60,686</u>                 | <u>(43,719)</u>               | <u>10,527</u>                              | <u>300,802</u>                           |
| <b>Total restricted funds</b>           | <b><u>804,075</u></b>                      | <b><u>1,924,229</u></b>       | <b><u>(1,909,396)</u></b>     | <b><u>(80,000)</u></b>                     | <b><u>738,908</u></b>                    |
| <b>Total unrestricted funds</b>         | <b><u>172,890</u></b>                      | <b><u>177,559</u></b>         | <b><u>(104,606)</u></b>       | <b><u>-</u></b>                            | <b><u>245,843</u></b>                    |
| <b>Total funds</b>                      | <b><u>976,965</u></b>                      | <b><u>2,101,788</u></b>       | <b><u>(2,014,002)</u></b>     | <b><u>(80,000)</u></b>                     | <b><u>984,751</u></b>                    |

**17 Analysis of net assets between Funds**

Fund balances at 31 August 2020 are represented by:

|                          | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>General<br/>Funds</b> | <b>Restricted<br/>Fixed<br/>Asset<br/>Funds</b> | <b>Total<br/>Funds</b>  |
|--------------------------|-------------------------------|---|---|-------------------------|
|                          | £                             | £                                       | £   | £                       |
| Tangible fixed assets    | -                             | -                                       | 6,580,850                                       | <b>6,580,850</b>        |
| Current assets           | 299,556                       | 561,383                                 | -   | <b>860,939</b>          |
| Current liabilities      | -                             | (136,788)                               | -   | <b>(136,788)</b>        |
| Pension scheme liability | -                             | (86,000)                                | -   | <b>(86,000)</b>         |
| <b>Total net assets</b>  | <b><u>299,556</u></b>         | <b><u>338,595</u></b>                   | <b><u>6,580,850</u></b>                         | <b><u>7,219,001</u></b> |

Fund balances at 31 August 2019 are represented by:

|                          | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>General<br/>Funds</b> | <b>Restricted<br/>Fixed<br/>Asset<br/>Funds</b> | <b>Total<br/>Funds</b> |
|--------------------------|-------------------------------|---|---|------------------------|
|                          | £                             | £                                       | £   | £                      |
| Tangible fixed assets    | -                             | -                                       | 300,802   | 300,802                |
| Current assets           | 245,843                       | 763,009                                 | -   | 1,008,852              |
| Current liabilities      | -                             | (166,903)                               | -   | (166,903)              |
| Pension scheme liability | -                             | (158,000)                               | -   | (158,000)              |
| <b>Total net assets</b>  | <b><u>245,843</u></b>         | <b><u>438,106</u></b>                   | <b><u>300,802</u></b>                           | <b><u>984,751</u></b>  |

Alban City Free School Limited

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

**18 Capital Commitments**

|  | 2020<br>£ | 2019<br>£ |
|--|-----------|-----------|
| Contracted for, but not provided in the financial statements | -         | 120,017   |

**19 Commitments under operating leases**

**Operating Leases**

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

|  | 2020<br>£    | 2019<br>£    |
|--|--------------|--------------|
| Amounts due within one year            | 1,167        | 1,167        |
| Amounts due between two and five years | 291          | 1,461        |
|  | <u>1,458</u> | <u>2,628</u> |

**20 Reconciliation of Net Income/(expenditure) to Net Cash Inflow from Operating Activities**

|  | 2020<br>£             | 2019<br>£      |
|--|-----------------------|----------------|
| Net income/(expenditure) for the reporting period              | 6,078,250             | 87,786         |
| <i>Adjusted for:</i>   |                       |                |
| Depreciation   | 68,167                | 43,719         |
| Capital grants from DfE/ESFA and other capital income          | (6,196,625)           | (60,686)       |
| Interest receivable  | (9,427)               | (7,136)        |
| Defined benefit pension scheme cost less contributions payable | 84,000                | 36,000         |
| (Increase)/decrease in stocks                                  | 104                   | (21)           |
| (Increase)/decrease in debtors                                 | (2,092)               | 15,981         |
| Increase/(decrease) in creditors                               | (30,115)              | 47,296         |
| <b>Net Cash provided by / (used in) Operating Activities</b>   | <u><b>(7,738)</b></u> | <u>162,939</u> |

**21 Cash flows from investing activities**

|  | 2020<br>£               | 2019<br>£      |
|--|-------------------------|----------------|
| Dividends, interest and rents from investments               | 9,427                   | 7,136          |
| Purchase of tangible fixed assets                            | (6,348,215)             | (71,213)       |
| Capital grants from DfE Group                                | 6,196,625               | 60,686         |
| <b>Net Cash provided by / (used in) investing Activities</b> | <u><b>(142,163)</b></u> | <u>(3,391)</u> |

**22 Analysis of cash and cash equivalents**

|  | 2020<br>£             | 2019<br>£      |
|--|-----------------------|----------------|
| Cash in hand and at bank               | 824,604               | 974,505        |
| <b>Total cash and cash equivalents</b> | <u><b>824,604</b></u> | <u>974,505</u> |

**23 Analysis of changes in net debt**

|  | At 1<br>September<br>2019<br>£ | Cash flows<br>£  | Acquisition/<br>disposal of<br>subsidiaries<br>£ | New<br>finance leases<br>£ | Other non-<br>cash changes<br>£ | At 31<br>August<br>2020<br>£ |
|--|--------------------------------|------------------|--|----------------------------|---------------------------------|------------------------------|
| Cash                                   | 974,505                        | (149,901)        | -  | -                          | -                               | 824,604                      |
| Cash equivalents                       | -                              | -                | -  | -                          | -                               | -                            |
| Overdraft facility repayable on demand | -                              | -                | -  | -                          | -                               | -                            |
|  | <u>974,505</u>                 | <u>(149,901)</u> | <u>-</u>   | <u>-</u>                   | <u>-</u>                        | <u>824,604</u>               |
| <b>Total</b>                           | <u>974,505</u>                 | <u>(149,901)</u> | <u>-</u>   | <u>-</u>                   | <u>-</u>                        | <u>824,604</u>               |

## 24 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.

## 25 Pension and Similar Obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £25,500 were payable to the schemes at 31 August 2020 (2019: £21,227) and are included within creditors.

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £154,000 (2019: £100,000).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

### 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 2020 was £100,000 (2019: £87,000), of which employer's contributions totalled £81,000 (2019: £71,000) and employees' contributions totalled £19,000 (2019: £16,000).

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.

**25 Pension and Similar Obligations (continued)****Principal Actuarial Assumptions**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| Rate of increase in salaries                       | 2.60%       | 2.40%       |
| Rate of increase for pensions in payment/inflation | 2.20%       | 2.30%       |
| Discount rate for scheme liabilities               | 1.70%       | 1.80%       |

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

|                             | <b>2020</b> | <b>2019</b> |
|-----------------------------|-------------|-------------|
| <i>Retiring today</i>       |             |             |
| Males                       | 21.90       | 21.50       |
| Females                     | 24.10       | 23.70       |
| <i>Retiring in 20 years</i> |             |             |
| Males                       | 22.80       | 22.30       |
| Females                     | 25.50       | 25.00       |

**Sensitivity analysis**

|                             | <b>2020</b> | <b>2019</b> |
|-----------------------------|-------------|-------------|
|                             | <b>£</b>    | <b>£</b>    |
| Real discount rate -0.5%    | 125,000     | 87,000      |
| Salary increase rate +0.5%  | 3,000       | 2,000       |
| Pension increase rate +0.5% | 120,000     | 84,000      |

**The academy's share of the assets in the scheme were:**

|                                     | <b>2020</b>    | <b>2019</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>£</b>       | <b>£</b>       |
| Equity instruments                  | 382,660        | 279,300        |
| Bonds                               | 252,700        | 222,300        |
| Property                            | 64,980         | 45,600         |
| Cash and other liquid assets        | 21,660         | 22,800         |
| <b>Total market value of assets</b> | <b>722,000</b> | <b>570,000</b> |

**Amounts recognised in the statement of financial activities:**

|                                     | <b>2020</b>   | <b>2019</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£</b>      | <b>£</b>      |
| Current service cost                | 161,000       | 105,000       |
| Past service cost                   | -             | 1,000         |
| Interest income                     | (11,000)      | (14,000)      |
| Interest cost                       | 15,000        | 15,000        |
| Administrative expenses             | (81,000)      | (71,000)      |
| Total amount recognised in the SOFA | <b>84,000</b> | <b>36,000</b> |

**25 Pension and Similar Obligations (continued)**

Changes in the fair value of defined benefit obligations were as follows:

|                        | 2020<br>£        | 2019<br>£        |
|------------------------|------------------|------------------|
| <b>At 1 September</b>  | (728,000)        | (496,000)        |
| Current service cost   | (161,000)        | (105,000)        |
| Interest cost          | (15,000)         | (15,000)         |
| Employee contributions | (19,000)         | (16,000)         |
| Actuarial (gain)/loss  | 113,000          | (108,000)        |
| Benefits paid          | 2,000            | 13,000           |
| <b>At 31 August</b>    | <b>(808,000)</b> | <b>(728,000)</b> |

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

|                        | 2020<br>£      | 2019<br>£      |
|------------------------|----------------|----------------|
| <b>At 1 September</b>  | 570,000        | 454,000        |
| Interest income        | 11,000         | 14,000         |
| Actuarial gain/(loss)  | 43,000         | 28,000         |
| Employer contributions | 81,000         | 71,000         |
| Employee contributions | 19,000         | 16,000         |
| Benefits paid          | (2,000)        | (13,000)       |
| <b>At 31 August</b>    | <b>722,000</b> | <b>570,000</b> |

**26 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.

**26 Investments**

Since 2013 individual schools in Hertfordshire had an opportunity to buy a share in Herts For Learning, a company providing products and services to schools. The cost of investment was £25 and Alban City Free School Limited purchased one share. The investment is not included in the financial statements on the grounds of materiality and we believe the transactions with Herts For Learning do not constitute related party transactions.