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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

Graham Cunningham  
John Harris  
Kate Ma  
Dr Emma Greening (resigned 30 April 2017)  
Andrew Nightingale  
Jo Kavakeb  
James Jenkins

**Trustees**

Angela Daniel (appointed 2 November 2017)  
Gary Forward (appointed 8 March 2017, resigned 4 September 2017)  
David Gelernter  
Martin Glick  
Emma Greening (resigned 30 April 2017)  
John Harris, Chair  
Gillian Jones, CEO  
Issy Maxwell (appointed 18 October 2017)  
Natalie Moss (resigned as Chair of Governors 31 August 2017)  
Andrew Nightingale  
Kristian North (appointed 19 October 2016)  
Susan Poole (appointed 19 October 2016)  
Pulvi Papat (appointed 1 September 2017)  
Vicki Roberts (resigned 8 June 2017)  
Amandip Sidhu (appointed 8 March 2017)  
Randal Whittaker (appointed 19 October 2017)  
Nicola Wright (appointed 8 March 2017, resigned 30 April 2017)

JCFS = Jupiter Community Free School

LCFS = Lanchester Community Free School

ARCFS = Ascot Road Community Free School

Dr Emma Greening resigned from University of Hertfordshire 30/04/2017

**Company registered  
number**

08324782

**Company name**

West Herts Community Free School Trust

**Principal and registered  
office**

Lanchester Community Free School  
Hempstead Road  
Watford  
Hertfordshire  
WD17 3HD

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Chief executive officer** Gillian Jones

**Senior management team**

Gillian Jones, Chief Executive Officer & Accounting Officer  
Helen Lockham, Ascot Road Community Free School Executive Head  
Helen Lockham, Lanchester Community Free School Executive Head  
Dr Sue Attard, Jupiter Community Free School Executive Head (resigned 31st August)  
Neil Jones, Jupiter Community Free School Executive Head (appointed 31st August)  
Martine Gabbitass, Trust Business Manager  
Jenny Tapping, School Business Manager  
Amy Johns, School Business Manager (resigned 31st August)

**Independent auditor**

Hillier Hopkins LLP  
Chartered Accountants  
Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the Academy Trust's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in 2015 ('SORP 2015').

### **Structure, governance and management**

#### **Constitution**

The trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of West Herts Community Free School Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

The schools, Directors and Academy Trust buy into and are covered by the DfE Risk Protection Arrangement (RPA) (<https://www.gov.uk/guidance/academies-risk-protection-arrangement-rpa>). The cost is £25 per pupil for each year. The cover provided is as follows:

- Public Liability: unlimited for any one claim; and
- Governor and Trustee Liability: unlimited.

#### **Method of recruitment and appointment or election of Trustees**

The management of the trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The articles of association provide for the appointment or election of at least three directors, comprising the following:

- up to 15 Directors may be appointed by the members of the Academy Trust;
- the members of the Academy Trust may appoint any number of staff Directors, provided that the total

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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number of staff Directors (including the Chief Executive Officer) does not exceed one third of the total number of Directors;

- the Chairman of each Local Governing Body for as long as they remain in office;
- the Chief Executive Officer;
- a minimum of two parent Directors unless there are Local Governing Bodies which include at least two parent members; and
- any additional Directors appointed by the Secretary of State.

**Policies and procedures adopted for the induction and training of Trustees**

We expect all Directors to undertake training as appropriate to their work at the Academy Trust. All Directors have access to the Herts Governance Services and are inducted to the Trust appropriately for their role and experience. This year a conference was held at the University of Hertfordshire for all members of the Academy Trust. This included all Trustees, members of the local governing bodies and staff from the three schools.

**Organisational structure**

The Academy Trust is governed by a Board of Directors constituted under a Memorandum of Association and Articles of Association. The Board is responsible for ensuring that high standards of governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy Trust, addressing such matters as:

- policy development and strategic direction;
- compliance with legal requirements;
- sound management and administration;
- establishing and maintaining effective internal controls;
- management of all resources;
- monitoring of the performance of the schools; and
- assessing and managing risk.

From 1 September 2014 (following the opening of the three schools for the first cohort of pupils), the Board of Directors has delegated a number of functions to a Local Governing Body (LGB) at each school. Each LGB is responsible for monitoring key aspects of each school's performance such as progress and attainment of pupils; quality of teaching and behaviour and safety of pupils. The Governors also prepare and monitor the budget for their own schools overseen by the Trust Business Manager.

Committees are informed by the Senior Leadership Team at each school. The Senior Leadership Team is responsible for the school, its staff, its pupils and the education they receive.

Gillian Jones was appointed Chief Executive Officer on 1 October 2014 and was the Academy Trust's Accounting Officer during the reporting period and up to the date of approval of the annual report and financial statements.

**Pay policy for key management personnel**

The key management personnel for West Herts Community Free School Trust (WHCFST) are: the chief executive officer (CEO); the Trust Business Manager (TBM) and the principals in the schools.

The salary for the chief executive officer who is part-time (0.2FTE) was determined by the Trustees prior to the schools opening in 2014. It is a spot salary determined by comparison with the leadership group pay range (Teachers pay and conditions) for the Trust schools. The Chair of the Trust carries out the performance

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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management of the CEO against determined objectives and any pay advancement is in relation to achieving these objectives.

The salary for the Trust Business Manager, who is also part-time (0.4FTE from September 2016), was determined against the Hertfordshire County Council pay scales for roles with similar responsibilities. The CEO carries out the performance management of the TBM against determined objectives.

The salaries of the Executive Principals were determined against the leadership group pay range (Teachers pay and conditions) taking into account the eventual size of the schools and also their leadership roles across more than one school. Pay levels are assessed annually for these staff through performance management carried out by the CEO and respective Chairs of Governors. Any advancement in pay is dependent upon meeting key targets related to the performance of the schools and on the assumption that they have not reached the maximum on their designated pay scale.

There are no additional benefits paid to any of the key management personnel.

**Connected organisations, including related party relationships**

The following are connected organisations within the meaning of the latest Accounts Direction issued by the Education & Skills Funding Agency:

- Hatfield Community Free School Trust  
Gillian Jones (director and member of the Academy Trust) is a director of Hatfield Community Free School Trust.
- University of Hertfordshire  
Dr Emma Greening is a director and member of the Academy Trust and the Head of Outreach and Widening Participation at University of Hertfordshire.
- James Jenkins is member of the Academy Trust and the Associate Dean (International) in the School of Life and Medical Sciences at the University of Hertfordshire.

Further details of the transactions between the Academy Trust and the above organisations is provided in note 25 to the financial statements.

**Objectives and Activities**

**Objects and aims**

The Academy Trust's object as set out in its governing document is the advancement of education in the United Kingdom for the public benefit by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

**Objectives, strategies and activities**

- Ensuring that the Trust vision is translated into action in the schools. This is achieved through the leadership of the principals, staff and Governors, the construction of the curriculum, the quality of teaching and the values and ethos of the schools translated in the classroom.
- Ensuring that each school recruits a full year group for the reception classes in September 2017. This was achieved through school events, marketing activities, press releases, word of mouth from parents and

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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building positive reputations in the local communities.

- Ensuring a high quality education for the children in the schools. This was achieved through a combination of effective leadership, good support for school improvement and the appointment of good staff.
- Ensuring good outcomes for children through high quality learning. This was achieved through the provision of high quality education for the children.

**Activities for achieving objectives**

- Ensuring effective leadership through training, coaching, performance management and identifying and developing new leaders within the school, for example, the new Assistant Principals appointed to the Jupiter and Lanchester schools;
- Effective systems for monitoring and evaluation that feed improvement plans, including the feedback from DfE adviser visits and Ofsted inspections;
- High quality learning for children with careful monitoring and tracking of their progress with intervention programmes for any that fall behind;
- Training programmes for Governors and trustees;
- Strengthening recruitment procedures;
- Effective use and management of resources;
- Before and after school activities to enrich the children's learning and experience and to provide child care for working parents.

**Public benefit**

In setting the Academy Trust's objectives and planning its activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit. The Directors have complied with their duty to have due regard to this guidance, in exercising their powers or duties.

**Achievements and performance**

**Key performance indicators**

While the budgets are tight for newly opened schools, finances have been focused on the resources needed to ensure good quality learning and teaching. This has led to children making good, and often outstanding, progress.

1. All three schools opened successfully in September 2014 with Lanchester in its newly refurbished accommodation and Jupiter and Ascot Road in temporary accommodation.
2. All three schools are housed in modern, state of the art buildings.
3. While Jupiter and Ascot Road had low numbers in their first year of operation, all three schools are now recruiting well with almost full classes in reception and year one although some children have moved from other year groups particularly in Lanchester (see tables on following pages.)
4. Maintaining small classes in reception and year one to provide a strong foundation in the core subjects.
5. All three schools have built positive reputations in their local communities.
6. All three schools exceeded local and national expected outcomes at the end of the early year's foundation stage in 2015, 2016 and 2017 and in the phonics screening in 2016 and 2018. Two of the schools exceeded the local and national outcomes in the Key Stage 1 SATS (see table on following pages.)
7. Attendance in all three schools is now good although it continues to fluctuate in Ascot Road
8. Behaviour is at least good and safeguarding secure in all three schools.



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9. Teaching is at least good in all three schools with a significant proportion that is outstanding.

School Performance						
Pupil numbers 2016/17						
	reception	Year One	Year Two	Year three		
Jupiter	60	56	59	39		
Lanchester	56	58	60	60		
Ascot Road	59	52	51	51		
Attendance						
Jupiter	96.8%					
Lanchester	97.03%					
Ascot Road	95.4%					
National	96.1%					
Ofsted Inspection Outcomes						
	overall	L&M	T&L	Personal	Outcomes	EYFS
Jupiter	Good	Good	Good	Outstanding	Good	Good
Lanchester	RI	RI	Good	Good	Good	Good
Ascot Road	Good	Good	Good	Good	Good	Good
Outcomes 2017						
	EYFS	Year 1 Phonics Check		Key Stage 1 (R,W&Ma)		
Jupiter	91%	73%		89%		
Lanchester	75%	83%		60%		
Ascot Road	82%	94%		67%		
National	71%	81%		61%		

### Going concern

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

### Financial review

#### Reserves policy

The policy of the Academy Trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies. The Directors regularly review the reserves of the Academy Trust and consider them to be sufficient for the Academy Trust's requirements and not excessive. However due to widely anticipated cuts in future funding, the situation will be kept under review.

The pension reserve (which is in deficit by £240,000) relates to the Academy Trust's share of the net position under the Local Government Pension Scheme (LGPS) as calculated for accounting purposes. The Academy Trust will not be liable for a lump sum and the pension contribution will be met from the Trust's budgeted annual income. In addition, Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Material investments policy**

The Directors have developed an investment policy, to enable the Academy Trust to make better use of surplus funds, whilst maintaining adequate account balances to meet cash flow fluctuations.

**Principal risks and uncertainties**

The Academy Trust's principal risks have been identified and there is a risk register in place to mitigate these risks. The risks fall into the following classifications; compliance, financial, operational, and strategic and reputational.

The main risks and actions taken to mitigate these are set out below:

Main risks	Mitigating actions
Low pupil numbers leading to inadequate funding	<ul style="list-style-type: none"><li>• Ensuring continuous school improvement strategies are in place</li><li>• Active marketing and promotion at key events</li><li>• Using parents to communicate the message about good schools</li><li>• Judicious use of press releases and articles</li><li>• Improving school and Trust websites</li></ul>
Lack of adequate staffing impacting negatively on the operation of the school/s	<ul style="list-style-type: none"><li>• Active marketing, promotion and recruitment</li><li>• Earmarked budget for recruitment</li><li>• Good training and development programmes for staff</li><li>• Ensuring staff feel valued and fully engaged with the visions of the Trust and schools</li></ul>
Poor pupil or inspection outcomes	<ul style="list-style-type: none"><li>• Responding swiftly to issues identified by inspection or other forms of monitoring</li><li>• Good curriculum and teaching securely in place</li><li>• Development plans identify resource and staff requirements to bring about maximum progress</li><li>• Monitoring and tracking of each class, year and vulnerable group to identify where measures are needed to ensure that all children make expected progress</li></ul>

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**TRUSTEES' REPORT (continued)**  
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**Plans for future periods**

**Future developments**

The Academy Trust's overall objective going forward remains unchanged - that is to advance education within the UK for the public benefit by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

In September 2017, each of the three schools operated by the Academy Trust welcomed an additional two forms of pupils at reception level. The schools will continue to grow by accepting a further two forms at reception level each year until all year groups are filled.

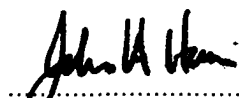
The Academy Trust will continue to work towards maintaining and improving on the good level of attainment achieved in its first years of operation.

**Disclosure of information to auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report was approved by order of the board of directors, as the company directors, on 6 December 2017 and signed on its behalf by:



.....  
**John Harris**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that West Herts Community Free School Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 West Herts Community Free School Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of directors has formally met 5 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Trustee	Meetings attended	Out of a possible
John Harris, Chair	5	5
Gary Forward	0	2
David Gelernter, Chair of Governors ARCFS	1	4
Martin Glick	3	4
Emma Greening	4	4
Gillian Jones, CEO	5	5
Natalie Moss	2	4
Andrew Nightingale	4	5
Kristian North, Chair of Governors JCFS	4	5
Susan Poole	5	5
Vicki Roberts	1	3
Amandip Sidhu	2	2
Nicola Wright	0	0

During the year to 31 August 2017 there have been some changes in the composition of the Trust board. We had 2 Trustees who joined our board and realised that the current level of commitment would be too much at this time for them whilst we develop our strategy and move onto the next phase of our development plans. We had 2 further resignations from Trustees who due to changes in their personal circumstances were unable to commit as much time as they felt was necessary to support the Trust.

The Trust Board regularly reviewed its Governance procedures and effectiveness during the course of the year. The CEO, Principals and TBM provide reports to the Board at each meeting and discussion and review will take place to see if we are moving in the right direction and where we need to next move our focus too. The Board will receive as part of the information presented updates on the expected forecasts for the school and Trust collectively, work plans for the next year and the main focus will be on pupil development and continued growth of the schools as we move to fulfilling all year groups as we continue to reach year 6 in 2020. All Trustees either have or will take on additional work to engage with the Trust and the schools as part of their commitment to move the Trust forward to set its ambitious targets.

Following the Trust development day a key skills audit was performed and areas where we needed additional expertise identified and we are delighted to welcome our new Trustees who have all taken part in our newly developed Trustee Induction programme and have attended as many meetings as they can. The new Trustees are all highly motivated to make a difference to the Trust and have all taken on additional roles such as Link Trustees to the schools or sponsors of identified areas of the Strategic plan.

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**GOVERNANCE STATEMENT (continued)**

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The Audit Committee is also a sub-committee of the main board of directors. Its purpose is to review the internal audit report and make recommendations to the main board.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Andrew Nightingale, Chair	1	1
David Gee	1	1
James Percy	0	1
Rodney Tucker	1	1

It was agreed to disband the committee and form a new Finance and Audit committee which now has a much wider remit to allow deeper trustee oversight of financial matters. The new committee looks at future developments, 3 year budgets, financial procedures and has incorporated the responsibilities held by the Audit Committee. Membership has been expanded to include the Chair of the Committee, Chairs of LGB's and Resources Committee with invitations extended to all Principals, SBM's and finance staff who attend to present and discuss operational issues and help to develop the longer term plans. The first meeting of the new committee took place in June 2017 and was well attended. The committee membership and its remit will continue to develop in order to meet the statutory requirements of the Trust to its sponsoring bodies.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Andrew Nightingale, Chair	1	1
Martin Glick	1	1
Kristian North, Chair of JCFS	1	1
David Gelertner	1	1
Pulvi Popat	0	1
Gill Jones	1	1

#### **Governance review**

During the year the Trust has invested a lot of time reviewing development and governance to ensure that we are working effectively and developing our Trust to deliver our main goal that anything is achievable for our pupils.

Two events have been held in the last 12 months, the first a Trust Development day looked at the effectiveness of the Trust, expectations of growth, future developments with other MATS and working collaboratively. The day was attended by Members, Trustees and the Senior Management Teams in all schools. The day consisted of workshops, questionnaires and presentations from external speakers to add flavour to where the Trust could and should go. The day helped to lead on the development of a 3 year strategy and Trust development fund which has key targets for the Trust over the next 3 years.

Leading on from this event a Trust Conference day was held early in September to which all staff were invited to attend so that the Strategy and development could be shared with them and they could give their feedback on the core issues and ways for us to work more collaboratively amongst the schools in order to deliver the main aims of the Strategic plan.

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**GOVERNANCE STATEMENT (continued)**

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**Review of Value for Money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

Improving Educational Results

- The pupil results in all three schools are above Hertfordshire and national averages.
- Where needed improvements have been made and new leadership models put in place.
- Where attendance was low in one of the schools, effective targeted action was taken to bring about improvement.

Financial Governance and oversight

The Trust's governance arrangements include regular monitoring by the Board of Directors, the Audit Committee and the Local Governing Bodies of each Academy. Regular management reports are produced and reviewed at individual school and Trust level and distributed to relevant bodies. The Academies have business managers in post who report directly to the Local Governing Body and Board of Directors at termly meetings. During year responsible officer internal audit review work has been carried out by an experienced school bursar from a local secondary school, with the WHCFST TBM providing a reciprocal service to that school. The Trust Accountants are Hillier Hopkins LLP who monitor each Academy and the Trust as part of the audit of The Annual Accounts.

Better purchasing

Steps taken to ensure value for money include:

- Alternative purchasing options considered before a decision is made on which supplier provides best value.
- Implementing a tender process for significant purchases and/or contracts.
- Achieving economies of scale by purchasing centrally for all the Academies.

Maximising income generation

There is an external nursery based at each of our academies adding income through leasing arrangements to the funds available for the schools. All schools also offer breakfast and after school clubs and activities and are looking to maximise their lettings income where possible.

Reviewing controls and managing risks

A strategic review of risk was carried out in the year to highlight areas that need to be managed with appropriate mitigation put in place. The register is reviewed regularly and adapted as needed.

An investment policy has been agreed and during the next financial year cash and bank balances will be invested where possible.

Future Objectives

The Trust recognises the need to continue ensuring value for money. Economies of scale can be achieved by procuring products and services across the schools, developing staff and sharing knowledge, skill and expertise across the Academies. Whilst a lot has been achieved, there is more to be done over the coming periods to

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**GOVERNANCE STATEMENT (continued)**

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enhance value for money.

The SBM at two of the schools took up the permanent role at the end of the previous school year. The arrangements for induction and the work plans for this level of staff have a sharp emphasis on ensuring better value for money.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust 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 West Herts Community Free School Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the Resources Committee and Local Governing bodies 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 board of directors has considered the need for a specific internal audit function and has decided to appoint Audrey St Onslow School as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- A review of bank reconciliations
- A review of payroll procedures
- A review of purchase orders and invoices
- A review of income

The internal auditor prepares a report to the board of directors through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

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**GOVERNANCE STATEMENT (continued)**

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the systems of control and on the discharge of the board of directors' financial responsibilities.

The internal audit function was performed by the SBM of another school on a quid pro quo basis. As part of this work checks on key areas such as bank reconciliations, income, expenses and salary process checks are carried out. No material issues or deviations from procedures were reported back to the committee.

**Review of Effectiveness**

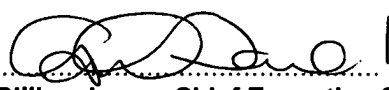
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of directors on 6 December 2017 and signed on their behalf, by:

  
.....  
John Harris, Chair  
Chair of Trustees

  
.....  
Gillian Jones, Chief Executive Officer  
Accounting Officer



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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of West Herts Community Free School Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

  
**Gillian Jones, Chief Executive Officer**  
**Accounting Officer**

Date: 6 December 2017

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The trustees (who act as governors of West Herts Community Free School Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

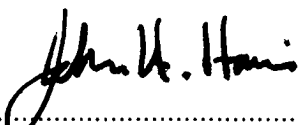
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of directors on 6 December 2017 and signed on its behalf by:



.....  
**John Harris, Chair of Trustees**  
**Chair of Trustees**

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST**

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**Opinion**

We have audited the financial statements of West Herts Community Free School Trust for the year ended 31 August 2017 which comprise the statement of financial activities incorporating Income and Expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

*In our opinion the financial statements:*

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of opinion**

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

**Conclusions relating to going concern**

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

- the 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 academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST**

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**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law 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, the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST**

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basis of accounting unless the trustees either intend to liquidate the academy's 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date:

19th December 20.7

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST  
HERTS COMMUNITY FREE SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 16 March 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Herts Community Free School Trust during the year 1 September 2016 to 31 August 2017 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 West Herts Community Free School Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to West Herts Community Free School Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Herts Community Free School Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of West Herts Community Free School Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of West Herts Community Free School Trust's funding agreement with the Secretary of State for Education dated 1 August 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST  
HERTS COMMUNITY FREE SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**  
**(continued)**

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- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: 19<sup>th</sup> December 2017

**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
<b>Income from:</b>						
Donations and capital grants	2	1,805	15,757	218,695	236,257	273,689
Charitable activities	3	42,941	2,536,594	-	2,579,535	2,008,656
Other trading activities	4	215,095	-	-	215,095	183,101
Investments	5	229	-	-	229	260
<b>Total income</b>		<b>260,070</b>	<b>2,552,351</b>	<b>218,695</b>	<b>3,031,116</b>	<b>2,465,706</b>
<b>Expenditure on:</b>						
Charitable activities		236,373	2,649,852	493,727	3,379,952	2,544,020
<b>Total expenditure</b>	8	<b>236,373</b>	<b>2,649,852</b>	<b>493,727</b>	<b>3,379,952</b>	<b>2,544,020</b>
<b>Net income / (expenditure) before other recognised gains and losses</b>						
		23,697	(97,501)	(275,032)	(348,836)	(78,314)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	67,000	-	67,000	(83,000)
<b>Net movement in funds</b>		<b>23,697</b>	<b>(30,501)</b>	<b>(275,032)</b>	<b>(281,836)</b>	<b>(161,314)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		85,687	95,453	10,977,174	11,158,314	11,319,628
<b>Total funds carried forward</b>		<b>109,384</b>	<b>64,952</b>	<b>10,702,142</b>	<b>10,876,478</b>	<b>11,158,314</b>

The notes on pages 25 to 46 form part of these financial statements.



**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08324782**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	15		<b>10,673,488</b>		10,963,734
<b>Current assets</b>					
Debtors	16	<b>470,859</b>		332,231	
Cash at bank and in hand		<b>342,791</b>		248,961	
		<b>813,650</b>		<b>581,192</b>	
<b>Creditors:</b> amounts falling due within one year	17	<b>(370,660)</b>		<b>(245,612)</b>	
<b>Net current assets</b>			<b>442,990</b>		335,580
<b>Total assets less current liabilities</b>			<b>11,116,478</b>		11,299,314
Defined benefit pension scheme liability	22	<b>(240,000)</b>			<b>(141,000)</b>
<b>Net assets including pension scheme liabilities</b>			<b>10,876,478</b>		<b>11,158,314</b>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	18	<b>304,952</b>		236,453	
Restricted fixed asset funds	18	<b>10,702,142</b>		10,977,174	
Restricted income funds excluding pension liability		<b>11,007,094</b>		11,213,627	
Pension reserve		<b>(240,000)</b>		<b>(141,000)</b>	
Total restricted income funds			<b>10,767,094</b>		11,072,627
Unrestricted income funds	18		<b>109,384</b>		85,687
<b>Total funds</b>			<b>10,876,478</b>		<b>11,158,314</b>

The financial statements on pages 22 to 46 were approved by the trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:

  
 .....  
**John Harris**  
 Chair of Trustees

**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities.</b>			
Net cash provided by operating activities	20	<u>93,897</u>	<u>17,099</u>
<b>Cash flows from investing activities:</b>			
Interest		229	260
Purchase of tangible fixed assets		(203,481)	(256,043)
Capital grants from DfE/ESFA		<u>203,185</u>	<u>269,483</u>
<b>Net cash (used in)/provided by investing activities</b>		<u>(67)</u>	<u>13,700</u>
<b>Change in cash and cash equivalents in the year</b>		<b>93,830</b>	<b>30,799</b>
Cash and cash equivalents brought forward		<u>248,961</u>	<u>218,162</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>342,791</u></u>	<u><u>248,961</u></u>

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

West Herts Community Free School Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.3 Income**

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

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

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

Capital grants are recognised 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 provided to the trust which amounts to a donation is recognised in the statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Long-term leasehold property	-	50 years straight line
Fixtures and fittings	-	4 years straight line
Computer equipment	-	3 years straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

**1.6 Operating leases**

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.7 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.8 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.9 Liabilities and provisions**

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

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**1.11 Taxation**

The 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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**1. Accounting policies (continued)**

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**1.13 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

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**1. Accounting policies (continued)**

**1.14 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgment:

**Depreciation, amortisation and residual values**

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

**2. Income from donations and capital grants**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Donations	1,805	15,757	-	17,562	4,206
Capital Grants	-	-	218,695	218,695	269,483
	<u>1,805</u>	<u>15,757</u>	<u>218,695</u>	<u>236,257</u>	<u>273,689</u>
<i>Total 2016</i>	<u>332</u>	<u>3,874</u>	<u>269,483</u>	<u>273,689</u>	

A prior year reclassification has been made in respect of capital grants. These have been removed from income from charitable activities and recorded in income from donations and capital grants. There has been no impact on prior year income or opening reserves in the current year.



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**3. Income from charitable activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Educational activities	42,941	2,536,594	2,579,535	2,006,801
Other	-	-	-	1,855
	<u>42,941</u>	<u>2,536,594</u>	<u>2,579,535</u>	<u>2,008,656</u>
<i>Total 2016</i>	<u>33,672</u>	<u>1,974,984</u>	<u>2,008,656</u>	

**Funding for Academy Trust's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,198,310	2,198,310	1,619,076
School Standards Grant	-	64,915	64,915	30,188
Start up grants	-	207,000	207,000	262,500
Rates relief	-	40,060	40,060	38,520
	<u>-</u>	<u>2,510,285</u>	<u>2,510,285</u>	<u>1,950,284</u>
<b>Other government grants</b>				
Other government grants	-	25,093	25,093	24,700
	<u>-</u>	<u>25,093</u>	<u>25,093</u>	<u>24,700</u>
<b>Other funding</b>				
Staff insurance	-	1,216	1,216	-
Trip income	14,228	-	14,228	10,728
Catering income	28,713	-	28,713	21,089
	<u>42,941</u>	<u>1,216</u>	<u>44,157</u>	<u>31,817</u>
	<u>42,941</u>	<u>2,536,594</u>	<u>2,579,535</u>	<u>2,006,801</u>
<i>Total 2016</i>	<u>31,817</u>	<u>1,974,984</u>	<u>2,006,801</u>	

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**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings and club income	210,325	-	210,325	181,609
Energy income	1,138	-	1,138	-
Other income	3,632	-	3,632	1,492
	<u>215,095</u>	<u>-</u>	<u>215,095</u>	<u>183,101</u>
<i>Total 2016</i>	<u>183,101</u>	<u>-</u>	<u>183,101</u>	

**5. Investment income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest receivable	229	-	229	260
	<u>260</u>	<u>-</u>	<u>260</u>	
<i>Total 2016</i>	<u>260</u>	<u>-</u>	<u>260</u>	

**6. Direct costs**

	Educational activities £	Total 2017 £	Total 2016 £
Agency staff	72,843	72,843	79,925
Educational supplies	69,574	69,574	87,613
Trip expenditure	15,032	15,032	11,425
Other direct costs	18,727	18,727	11,805
Wages and salaries	1,255,533	1,255,533	896,742
National insurance	104,761	104,761	61,270
Pension cost	162,079	162,079	94,124
	<u>1,698,549</u>	<u>1,698,549</u>	<u>1,242,904</u>
<i>At 31 August 2016</i>	<u>1,242,904</u>	<u>1,242,904</u>	

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**7. Support costs**

	Educational activities £	Total 2017 £	Total 2016 £
Pension expense	5,000	5,000	2,000
Agency staff	784	784	-
Recruitment	11,765	11,765	21,306
Repairs and maintenance	56,753	56,753	26,010
Rent and rates	42,542	42,542	43,778
Catering costs	214,581	214,581	149,451
Technology costs	50,672	50,672	41,082
Insurance costs	19,041	19,041	7,875
Heat and light costs	57,670	57,670	51,759
Security and transport costs	985	985	650
Cleaning and caretaking costs	69,557	69,557	82,120
Other support costs	152,359	152,359	125,957
Governance	14,763	14,763	20,226
Wages and salaries	284,317	284,317	240,452
National insurance	12,764	12,764	8,007
Pension cost	194,123	194,123	60,839
Depreciation	493,727	493,727	419,604
	<u>1,681,403</u>	<u>1,681,403</u>	<u>1,301,116</u>
<i>At 31 August 2016</i>	<u>1,301,116</u>	<u>1,301,116</u>	

During the year ended 31 August 2017, the trust incurred the following Governance costs:  
£14,763 (2016 - £20,226) included within the table above in respect of Educational activities.

**8. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational activities:					
Direct costs	1,595,216	-	103,333	1,698,549	1,242,904
Support costs	496,988	720,249	464,166	1,681,403	1,301,116
	<u>2,092,204</u>	<u>720,249</u>	<u>567,499</u>	<u>3,379,952</u>	<u>2,544,020</u>
<i>Total 2016</i>	<u>1,361,434</u>	<u>580,143</u>	<u>602,443</u>	<u>2,544,020</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**9. Net income/(expenditure)**

This is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned or under long term leasehold by the charity	<b>493,727</b>	<b>419,604</b>
Auditor's remuneration - audit	<b>9,500</b>	<b>9,500</b>
Auditor's remuneration - other services	<b>2,975</b>	<b>3,950</b>
Previous auditor's remuneration - other services	<b>-</b>	<b>5,772</b>
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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,424,317	1,007,171
Social security costs	117,525	69,277
Operating costs of defined benefit pension schemes	356,202	154,963
	<u>1,898,044</u>	<u>1,231,411</u>
Seconded staff	115,533	130,023
Supply teacher costs	74,678	80,863
Staff restructuring costs	1,454	-
	<u><u>2,089,709</u></u>	<u><u>1,442,297</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Severance payments	<u>1,454</u>	<u>-</u>

Included in staff restructuring costs is one non-contractual severance payments totalling £1,454 (2016: £nil).

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

	2017 No.	2016 No.
Teachers	27	16
Admin & Support	55	39
Management	4	4
	<u>86</u>	<u>59</u>

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

	2017 No.	2016 No.
In the band £70,001 - £80,000	1	1

Of the above employees, one (2016: one) participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £12,964 (2016: £12,528).

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employees benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £166,656 (2016: £131,221).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Central services**

The trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;
- company secretarial; and
- educational support services.

The trust charges for these services on the following basis:

The cost of these services have been split evenly across all schools within the Academy Trust.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Ascot Road Community Free School	17,868	17,048
Lanchester Community Free School	17,868	17,048
Jupiter Community Free School	17,868	17,048
	<u>53,604</u>	<u>51,144</u>
Total		

**12. 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 other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
G Jones	Remuneration	15,000-20,000	15,000-20,000
	Pension contributions paid	Nil	Nil

During the year ended 31 August 2017, no trustees received any reimbursement of expenses (2016 - £NIL).

**13. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The cover was provided to the Academy Trust by the Academies Risk Protection Arrangement (RPA) in the year.

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**14. Other finance expense**

	2017 £	2016 £
Interest income on pension scheme assets	3,000	2,000
Interest on pension scheme liabilities	(8,000)	(4,000)
	<u>(5,000)</u>	<u>(2,000)</u>

**15. Tangible fixed assets**

	Freehold property £	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	2,401,448	8,393,691	524,924	348,694	11,668,757
Additions	-	-	48,611	154,870	203,481
Transfer between classes	(2,401,448)	2,401,448	-	-	-
At 31 August 2017	<u>-</u>	<u>10,795,139</u>	<u>573,535</u>	<u>503,564</u>	<u>11,872,238</u>
<b>Depreciation</b>					
At 1 September 2016	96,058	335,748	150,683	122,534	705,023
Charge for the year	48,029	167,874	134,859	142,965	493,727
Transfer between classes	(144,087)	144,087	-	-	-
At 31 August 2017	<u>-</u>	<u>647,709</u>	<u>285,542</u>	<u>265,499</u>	<u>1,198,750</u>
<b>Net book value</b>					
At 31 August 2017	<u>-</u>	<u>10,147,430</u>	<u>287,993</u>	<u>238,065</u>	<u>10,673,488</u>
At 31 August 2016	<u>2,305,390</u>	<u>8,057,943</u>	<u>374,241</u>	<u>226,160</u>	<u>10,963,734</u>

At the start of the financial year there was a reclassification of freehold property to long term leasehold property following clarification of the legal status of the property.

**16. Debtors**

	2017 £	2016 £
Trade debtors	11,549	3,214
Other debtors	364,286	278,349
Prepayments and accrued income	95,024	50,668
	<u>470,859</u>	<u>332,231</u>

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**17. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	106,614	101,497
Other taxation and social security	31,131	20,292
Other creditors	80,723	9,474
Accruals and deferred income	152,192	114,349
	<u>370,660</u>	<u>245,612</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	81,186	36,599
Resources deferred during the year	108,341	81,186
Amounts released from previous years	(81,186)	(36,599)
Deferred income at 31 August 2017	<u>108,341</u>	<u>81,186</u>

At the balance sheet date the academy trust was holding grants received in advance for free school meals being provided in 2017/18.

**18. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>					
Unrestricted funds	<u>85,687</u>	<u>260,070</u>	<u>(236,373)</u>	<u>-</u>	<u>109,384</u>
<b>Restricted funds</b>					
General Annual Grant (GAG)	236,453	2,198,310	(2,129,811)	-	304,952
Other ESFA grants	-	311,975	(311,975)	-	-
Other Government Grants	-	25,093	(25,093)	-	-
Other income	-	16,973	(16,973)	-	-
Pension reserve	(141,000)	-	(166,000)	67,000	(240,000)
	<u>95,453</u>	<u>2,552,351</u>	<u>(2,649,852)</u>	<u>67,000</u>	<u>64,952</u>



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

**Restricted fixed asset funds**

Academy buildings transferred from					
Local Authority	10,363,333	-	(215,903)	-	10,147,430
Other fixed assets	600,401	203,481	(277,824)	-	526,058
Donations and capital grants	13,440	15,214	-	-	28,654
	<u>10,977,174</u>	<u>218,695</u>	<u>(493,727)</u>	<u>-</u>	<u>10,702,142</u>
Total restricted funds	<u>11,072,627</u>	<u>2,771,046</u>	<u>(3,143,579)</u>	<u>67,000</u>	<u>10,767,094</u>
Total of funds	<u>11,158,314</u>	<u>3,031,116</u>	<u>(3,379,952)</u>	<u>67,000</u>	<u>10,876,478</u>

**Statement of funds - prior year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>					
Unrestricted funds	29,999	217,365	(161,677)	-	85,687
	<u>29,999</u>	<u>217,365</u>	<u>(161,677)</u>	<u>-</u>	<u>85,687</u>

**Restricted funds**

General Annual Grant (GAG)	181,334	1,657,596	(1,602,477)	-	236,453
Other ESFA Grants	-	292,688	(292,688)	-	-
Other Government Grants	-	24,700	(24,700)	-	-
Other Income	-	3,874	(3,874)	-	-
Pension reserve	(19,000)	-	(39,000)	(83,000)	(141,000)
	<u>162,334</u>	<u>1,978,858</u>	<u>(1,962,739)</u>	<u>(83,000)</u>	<u>95,453</u>

**Restricted fixed asset funds**

Academy buildings transferred from					
Local Authority	10,579,236	-	(215,903)	-	10,363,333
Other fixed assets	548,059	256,043	(203,701)	-	600,401
Donations and capital grants	-	13,440	-	-	13,440
	<u>11,127,295</u>	<u>269,483</u>	<u>(419,604)</u>	<u>-</u>	<u>10,977,174</u>
Total restricted funds	<u>11,289,629</u>	<u>2,248,341</u>	<u>(2,382,343)</u>	<u>(83,000)</u>	<u>11,072,627</u>
Total of funds	<u>11,319,628</u>	<u>2,465,706</u>	<u>(2,544,020)</u>	<u>(83,000)</u>	<u>11,158,314</u>

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**18. Statement of funds (continued)**

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

***General Annual Grant (GAG)***

The General Annual Grant (GAG) represents the core funding for the educational activities of the trust that has been provided via the Education & Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

***Fixed assets fund***

These funds relate to the Academy Trust's holding of tangible fixed assets and predominantly includes the donation of school buildings from the Local Authority. The transfer from the GAG fund to the fixed assets fund reflects the utilisation of GAG monies to help finance the purchase of the Academy Trust's tangible fixed assets.

***Pension reserve***

The pension reserve relates to the Academy Trust's Local Government Pension Scheme liability.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Ascot Road Community Free School	<b>117,124</b>	66,911
Jupiter Community Free School	<b>114,247</b>	92,036
Lanchester Community Free School	<b>103,053</b>	93,990
West Herts Community Free School Trust	<b>79,912</b>	69,203
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>414,336</b>	322,140
	<hr/>	<hr/>
Restricted fixed asset fund	<b>10,702,142</b>	10,977,174
Pension reserve	<b>(240,000)</b>	(141,000)
	<hr/>	<hr/>
Total	<b>10,876,478</b>	11,158,314
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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Statement of funds (continued)**

**Analysis of academies by cost**

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Ascot Road Community Free School	538,575	151,390	30,233	220,021	940,219	709,757
Jupiter Community Free School	522,568	139,980	42,245	199,319	904,112	624,618
Lanchester Community Free School	527,591	165,126	35,138	259,415	987,270	746,799
Central services	-	46,973	-	7,651	54,624	4,243
	<u>1,588,734</u>	<u>503,469</u>	<u>107,616</u>	<u>686,406</u>	<u>2,886,225</u>	<u>2,085,417</u>

**19. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,673,488	10,673,488
Current assets	109,384	675,612	28,654	813,650
Creditors due within one year	-	(370,660)	-	(370,660)
Provisions for liabilities and charges	-	(240,000)	-	(240,000)
	<u>109,384</u>	<u>64,952</u>	<u>10,702,142</u>	<u>10,876,478</u>

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**19. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	10,963,734	10,963,734
Current assets	85,687	482,065	13,440	581,192
Creditors due within one year	-	(245,612)	-	(245,612)
Provisions for liabilities and charges	-	(141,000)	-	(141,000)
	<u>85,687</u>	<u>95,453</u>	<u>10,977,174</u>	<u>11,158,314</u>

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

	2017	2016
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(348,836)	(78,314)
<b>Adjustment for:</b>		
Depreciation charges	493,727	419,604
Dividends, interest and rents from investments	(229)	(260)
(Increase)/decrease in debtors	(138,628)	23,646
Increase/(decrease) in creditors	125,048	(117,094)
Capital grants from DfE and other capital income	(203,185)	(269,483)
Defined benefit pension scheme cost less contributions payable	161,000	37,000
Defined benefit pension scheme finance cost	5,000	2,000
<b>Net cash provided by operating activities</b>	<u>93,897</u>	<u>17,099</u>

**21. Analysis of cash and cash equivalents**

	2017	2016
	£	£
Cash in hand	342,791	248,961
<b>Total</b>	<u>342,791</u>	<u>248,961</u>

**22. Pension commitments**

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

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**22. Pension commitments (continued)**

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 £14,542 were payable to the schemes at 31 August 2017 (2016 - £6,909) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £162,079 (2016 - £94,124).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

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**22. Pension commitments (continued)**

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £122,000 (2016 - £66,000), of which employer's contributions totalled £89,000 (2016 - £46,000) and employees' contributions totalled £33,000 (2016 - £20,000). The agreed contribution rates for future years are 15.8% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	168,000	66,000
Debt instruments	65,000	30,000
Property	18,000	7,000
Cash and other liquid assets	8,000	2,000
<b>Total market value of assets</b>	<b>259,000</b>	<b>105,000</b>

The actual return on scheme assets was £30,000 (2016 - £10,000).

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**22. Pension commitments (continued)**

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

	2017 £	2016 £
Current service cost	(250,000)	(83,000)
Interest income	3,000	2,000
Interest cost	(8,000)	(4,000)
Total	(255,000)	(85,000)
Actual return on scheme assets	30,000	10,000

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

	2017 £	2016 £
Opening defined benefit obligation	246,000	48,000
Current service cost	250,000	83,000
Interest cost	8,000	4,000
Employee contributions	33,000	20,000
Actuarial (gains)/losses	(38,000)	91,000
Closing defined benefit obligation	499,000	246,000

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

	2017 £	2016 £
Opening fair value of scheme assets	105,000	29,000
Interest income	3,000	2,000
Actuarial losses	29,000	8,000
Employer contributions	89,000	46,000
Employee contributions	33,000	20,000
Closing fair value of scheme assets	259,000	105,000

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**23. Operating lease commitments**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	1,890	1,890
Between 1 and 5 years	492	2,382
Total	<u>2,382</u>	<u>4,272</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 £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

**25. Related party transactions**

Owing to the nature of the trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which 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.

During the year ended 31 August 2017, the Academy Trust was party to the following transactions with related parties. All transactions were entered into in accordance with the Academy Trust's normal procurement procedures with consideration given to the requirements of the ESFA's Academies Financial Handbook.

Gillian Jones is a director of the West Herts Community Free School Trust (WHCFST) and also a director and member of the Hatfield Community Free School Trust. During the year ended 31 August 2017, a total of £120,905 (2016 - £131,114) was payable by the WHCFST to Hatfield Community Free School for seconded staff and office space rental of which £9,413 (2016 - £24,383) is included within year end creditors.

Jo Kavakeb, a member of the trust, is a director of Squirrels Day Nurseries. During the year, the academy trust received £131,374 (2016: £123,830) for services provided to Squirrels Day Nurseries. At the year end, £7,632 (2016: £726) was outstanding and is included within debtors.