

Company Registration Number: 08324782 (England & Wales)

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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 2018**

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**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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<b>Members</b>	Graham Cunningham John Harris Kate Ma Andrew Nightingale (resigned 19 January 2018) Jo Kavakeb James Jenkins
<b>Trustees</b>	Angela Daniel (appointed 2 November 2017) David Gelenter, Chair of Governors ARCFS Martin Glick John Harris, Chair Greg Holmes (appointed 23 November 2017) Gillian Jones, CEO Phillip Mason (appointed 14 December 2017) Issy Maxwell (appointed 19 October 2017) Andrew Nightingale (resigned 19 January 2018) Kristian North, Chair of Governors JCFS Pulvi Polpat, Chair of Governors LCFS (appointed 1 September 2017) Susan Poole (resigned 15 March 2018) Amandip Sidhu Randal Whittaker (appointed 19 October 2017) Gary Forward (resigned 4 September 2017)
JCFS = Jupiter Community Free School LCFS = Lanchester Community Free School ARCFS = Ascot Road Community Free School	
<b>Company registered number</b>	08324782
<b>Company name</b>	West Herts Community Free School Trust
<b>Principal and registered office</b>	Lanchester Community Free School Hempstead Road Watford Hertfordshire WD17 3HD
<b>Chief executive officer</b>	Gillian Jones
<b>Senior management team</b>	Gillian Jones, Chief Executive Officer & Accounting Officer Cathy Elsley, ARCFS Executive Principal (appointed 1 April 2018) Neil Jones, JCFS Executive Principal (appointed 31 August 2017) John Dibdin, LCFS Executive Principal (appointed 1 April 2018) Martine Gabbitass, Trust Business Manager Paulis Quittenton, ARCFS School Business Manager (appointed 1 September 2018) Louise Jones, JCFS School Business Manager (appointed 6 November 2017) Craig Murphy, LCFS School Business Manager (appointed 1 September 2018) Jenny Tapping, Senior School Business Manager (resigned 24 October 2018) Helen Lockham, ARCFS Executive Head (resigned 31 December 2017)

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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<b>Independent auditor</b>	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 2018**

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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 2017 to 31 August 2018. 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 26 to 31 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 Articles of Association is the primary governing document of the academy trust.

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

Details of the Trustees who served during the 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, Trustees 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 trustees, comprising the following:

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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- up to 15 trustees may be appointed by the members of the Academy Trust;
- the members of the Academy Trust may appoint any number of staff trustees, provided that the total number of staff trustees (including the Chief Executive Officer) does not exceed one third of the total number of trustees
- the Chairman of each Local Governing Body for as long as they remain in office;
- the Chief Executive Officer;
- a minimum of two parent trustees unless there are Local Governing Bodies which include at least two parent members; and
- any additional trustees appointed by the Secretary of State.

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

We expect all trustees to undertake training as appropriate to their work at the Academy Trust. All trustees have access to the Herts Governance Services and are inducted to the Trust appropriately for their role and experience. As part of this induction, all Trustees undertake training in Safeguarding, GDPR & Prevent.

**Organisational structure**

The Academy Trust is governed by a board of trustees 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;
- Ensuring compliance with legal requirements;
- Ensuring sound management and administration;
- Establishing and maintaining effective internal controls;
- Management of all resources;
- Monitoring of the schools' performance; 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 trustees 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 and the Finance & Audit Committee.

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 WHST are: the chief executive officer (CEO); the trust business manager (TBM) and the three principals in the schools.

The salary for the chief executive officer who is part time (0.2FTE, 0.4FTE from January 2018) was determined by the trustees prior to the schools opening in 2014. It is a spot salary determined by comparison with the

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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leadership group pay range (Teachers pay and conditions) for the trust schools. The chair of the trust carries out the performance 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) 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.

**Trade union facility time**

During the period there were no relevant union officials and therefore there was no trade union facility time and no paid trade union activities.

**Connected organisations, including related party relationships**

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

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

Phil Mason is a director of the Academy Trust and is Senior Lecturer in Strategic Management and Deputy Director of the AMBA accredited Hertfordshire Executive MBA .

Further detail of the transactions between the Academy Trust and the above organisations is provided in note 24 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**

- Establish a common culture and a sense of belonging to one trust where all are focused "on a better

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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- future" for children.
- To build on the good outcomes in the schools by establishing a common school improvement strategy which promotes best practise and consistent high standards.
  - To establish a succession planning strategy for leadership and governance to ensure consistent and robust leadership which drives high quality education.
  - To establish central services to allow the schools to focus on their core business of teaching, learning, the curriculum and the achievement of high standards.
  - To introduce a new structure and business cycle for the work of the trust to ensure an educationally and financially secure structure to educate our pupils.
  - To establish a growth and expansion plan in order to increase the capability and capacity of the trust to improve outcomes for children.
  - To strengthen and extend strategic partnerships in order to support school improvement and pupil outcomes.

**Activities for achieving objectives**

In order to achieve our strategy we intend to:-

- Actively promote the trust and its role in overseeing the development of the schools. This will create a sense of community within the trust schools.
- In order to challenge, monitor and evaluate standards and quality in the schools and ensure stronger scrutiny and challenge by trustees and local governing bodies we will :-
  1. Identify key strengths and areas of development from the Ofsted reports to drive a trust wide school improvement policy;
  2. Develop a peer challenge programme across the trust by putting in place cross-school improvement and cross-school task groups;
  3. Engage external providers for periodic monitoring and evaluation.
- Strengthen programmes for supporting and growing leaders in schools.
- Plan for sustainable development of the trust team, trust board and Local Governing Bodies.
- Establish a project management group to consult on and identify key services that can be centralised. This will be benchmarked against similar trusts/schools to ensure most effective and efficient practices.
- Continue to undertake a regular skills audit of board members to ensure skills are aligned with objectives of trust.
- Develop a positive marketing strategy and growth plan for the trust including pursuing opportunities for sponsoring new schools and opening new few schools.
- Strengthen trust relations with external agencies and develop partnerships with local businesses.

**Public benefit**

In setting the Academy Trust's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees 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 recently opened schools, finances have been focused on the resources needed to ensure good quality learning and teaching. This has led to children making often good, and often outstanding, progress.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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1. All trust schools are judged at least good by Ofsted.
2. Leadership is judged as at least good by key stakeholders.
3. The schools become oversubscribed.
4. Outcomes for children are above Hertfordshire and National averages.
5. Staff, governors and trustees identify as members of the same organisation.
6. The school budgets are well managed with a healthy surplus developing across the trust.
7. A central trust team is in place resulting in better value for money.
8. The number of schools in the trust increases to at least 6 over the next three years.
9. New strategic partnerships are forged bringing greater sustainability to the trust.

**Outcomes for the Trust schools 2017/18**

	<b>Ascot Road</b>	<b>Jupiter</b>	<b>Lanchester</b>	<b>National</b>	<b>Hertfordshire</b>
<b>EYFS GLD all</b>	75%	72.8%	73.6%	71.6%	72.8%
<b>EYFS GLD girls</b>	76%	65%	89%	78.5%	78.9%
<b>EYFS GLD Boys</b>	74%	76.9%	41%	65%	66.9%
<b>Year 1 Phonics</b>	85%	98%	67.3%	82.5%	84.3%
<b>Key Stage 1 reading</b>	79%	66%	76.4%	75.4%	78.1%
<b>Key Stage 1 writing</b>	63%	61%	71%	69.9%	72.2%
<b>Key Stage 1 maths</b>	73%	64%	74.5%	76%	78%
<b>Key Stage 1 combined</b>	68%	63.6%	63.6%	65.3%	67.8%

**Going concern**

After making appropriate enquiries, the board of trustees 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 trustees 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 £318,000) 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.

**Material investments policy**

The trustees are developing an investment policy, which would enable the Academy Trust to make better use of surplus funds during the next financial year, whilst maintaining adequate account balances to meet cash flow

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**TRUSTEES' REPORT (continued)**  
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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>• Reducing the number of classes where appropriate</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>• Staff 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>• Good leadership, 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>

**Fundraising**

All fundraising activities for the Academy Trust are carried out by school staff or with assistance from volunteers such as parents who help with the running of the specific fundraising events, professional fundraisers are not used. All fundraising activities are managed by the staff within the school and monitored by the School Business Managers, with oversight by members of the governing body.

No complaints relating to fundraising activities have been received by the Academy Trust during this financial period.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 2018, each of the three schools operated by the Academy Trust welcomed new reception children. 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 excellent start in its first years of operation.

To pursue the objectives in the WHST strategic plan (see page 5).

Gill Jones is stepping down as CEO from the end of 2018 and a new CEO, Gee Cook has been appointed and will take up position from January 2019.

**Disclosure of information to auditor**

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has 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 trustees, as the company directors, on 12 December 2018 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 4 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
Angela Daniel	3	3
David Gelenter, Chair of Governors ARCFS	3	4
Martin Glick	3	4
John Harris, Chair	4	4
Greg Holmes	2	3
Gillian Jones, CEO	4	4
Phillip Mason	3	3
Issy Maxwell	4	4
Andrew Nightingale	2	2
Kristian North, Chair of Governors JCFS	4	4
Pulvi Popat, Chair of Governors LCFS	3	4
Susan Poole	1	2
Amandip Sidhu	3	4
Randal Whittaker	2	4

During the year to 31 August 2018 there were changes to the composition of the board as we took on new members as listed on Page 1. Each new member brings skills identified in the skills audit and has taken on additional responsibility around the Strategic Plan.

Each of the three schools has a Local Governing Body (LGB), which is responsible for maintaining key aspects of each school's performance such as progress and attainment of pupils, quality of teaching, and review of budget and management accounts.

The Finance and Audit Committee is also a sub committee of the main board of directors. Its purpose is to receive the Trustees Report and Annual Accounts, appoint the external audit, review the internal audit report and make recommendations to the main board on financial strategy. During the year substantial changes were made to the composition and remit of the committee to bolster its scope and responsibilities. Other members such as Governors from the Schools were asked to join the committee during the year. Key personnel such as Principals, Trust Business Manager and School Business Managers are invited to attend all meetings.

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**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Andrew Nightingale, Chair (resigned Dec 2017)	1	1
Martin Glick	3	3
Kristian North	2	3
Roger Gallucci	2	2
Randal Whittaker	2	3
Pulvi Popat	0	1
David Gelenter	0	1
Nitin Chadha	1	1
Faheem Ahmed	1	1
Dora Ngoma	1	1

**Governance review**

The Trustees acknowledge that the Academy Trust is best placed to fulfil its vision, mission and strategic goals if it has effective governance in place. The Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries benefit and contribute to the Academy Trust's continued improvement.

WHST held a Trust Conference day in September 2017. All staff, members, directors and governors were invited to attend. This was held at the University of Hertfordshire with the aim to further develop the Trust Strategy and key issues identified at the development day held in the previous year. The day consisted of presentations, workshops and discussions designed to involve and invite the input of all members of the Trust. The evaluation feedback was positive and we took note of any concerns such as timing of the conference and in response to that the trust conference this year is in April 2019.

**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 good and often above Hertfordshire and national averages.

- Where needed Improvements have been made and new leadership models put in place. (see previous note under key performance indicators)
- 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 external company, Hillier Hopkins LLP who are also the Trust Accountants. Separate teams are responsible for the internal and external

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**GOVERNANCE STATEMENT (continued)**

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audit to ensure independence.

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 enhance value for money.

In the trust and two of the schools there has been a change in business manager. The arrangements for induction and the work plans for these 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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

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**GOVERNANCE STATEMENT (continued)**

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**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 Hillier Hopkins LLP 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:

- Reviewing bank reconciliations;
- Reviewing expenses to gain assurance that they are authorised and recorded correctly;
- Reviewing income, ensuring that appropriate controls are in place and operating effectively;
- Reviewing the systems and controls surrounding the preparation, authorisation and review of payroll; and
- Ensuring a fixed asset register is maintained.

On a regular basis, the auditor 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.

The programme of work was executed as planned and no material weaknesses were identified.

**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.

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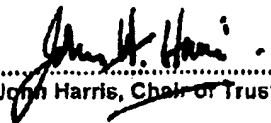
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**GOVERNANCE STATEMENT (continued)**

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Approved by order of the members of the board of directors on 12 December 2018 and signed on their behalf,  
by:

  
.....  
John Harris, Chair of Trustees

  
.....  
Gillian Jones, Chief Executive Officer



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**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
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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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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**

**Date: 12 December 2018**

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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 2018**

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The trustees (who 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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 12 December 2018 and signed on its behalf by:

  
.....  
John Harris  
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 (the 'academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of trustees' responsibilities, 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

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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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concern basis of accounting unless the trustees either intend to liquidate the academy 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). This description forms part of our Auditor's report.

**Use of our report**

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.



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

21 December 2018

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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 & 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 & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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.

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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 & SKILLS FUNDING AGENCY**  
**(continued)**

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- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- 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 2017 to 31 August 2018 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*

Hillier Hopkins LLP

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: 21 December 2018

**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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations and capital grants	2	10,441	3,326	199,115	212,882	236,257
Charitable activities	3	99,878	3,156,321	-	3,256,199	2,579,535
Other trading activities	4	253,688	-	-	253,688	215,095
Investments	5	245	-	-	245	229
<b>Total income</b>		<b>364,252</b>	<b>3,159,647</b>	<b>199,115</b>	<b>3,723,014</b>	<b>3,031,116</b>
<b>Expenditure on:</b>						
Charitable activities		272,429	3,339,140	510,924	4,122,493	3,379,952
<b>Total expenditure</b>	6	<b>272,429</b>	<b>3,339,140</b>	<b>510,924</b>	<b>4,122,493</b>	<b>3,379,952</b>
<b>Net before transfers</b>		<b>91,823</b>	<b>(179,493)</b>	<b>(311,809)</b>	<b>(399,479)</b>	<b>(348,836)</b>
Transfers between Funds	17	-	(8,500)	8,500	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>91,823</b>	<b>(187,993)</b>	<b>(303,309)</b>	<b>(399,479)</b>	<b>(348,836)</b>
Actuarial remeasurement on defined benefit pension schemes	21	-	126,000	-	126,000	67,000
<b>Net movement in funds</b>		<b>91,823</b>	<b>(61,993)</b>	<b>(303,309)</b>	<b>(273,479)</b>	<b>(281,836)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		109,384	64,952	10,702,142	10,876,478	11,158,314
<b>Total funds carried forward</b>		<b>201,207</b>	<b>2,959</b>	<b>10,398,833</b>	<b>10,602,999</b>	<b>10,876,478</b>

The notes on pages 25 to 47 form part of these financial statements.

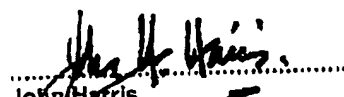


**WEST HERTS COMMUNITY FREE SCHOOL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08324782**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	14		10,353,012		10,673,488
<b>Current assets</b>					
Debtors	15	576,297		470,859	
Cash at bank and in hand		436,900		342,791	
		<u>1,013,197</u>		<u>813,650</u>	
<b>Creditors: amounts falling due within one year</b>	16	(445,210)		(370,660)	
<b>Net current assets</b>			<u>567,987</u>		<u>442,990</u>
<b>Total assets less current liabilities</b>			<u>10,920,999</u>		<u>11,116,478</u>
Defined benefit pension scheme liability	21	(318,000)		(240,000)	
<b>Net assets including pension scheme liabilities</b>			<u><u>10,602,999</u></u>		<u><u>10,876,478</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	320,959		304,952	
Restricted fixed asset funds	17	10,398,833		10,702,142	
Restricted income funds excluding pension liability		<u>10,719,792</u>		<u>11,007,094</u>	
Pension reserve		(318,000)		(240,000)	
Total restricted income funds			<u>10,401,792</u>		<u>10,767,094</u>
Unrestricted income funds	17		<u>201,207</u>		<u>109,384</u>
<b>Total funds</b>			<u><u>10,602,999</u></u>		<u><u>10,876,478</u></u>

The financial statements on pages 22 to 47 were approved by the trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

  
 .....  
 John Harris  
 Chair of Trustees

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>85,197</u>	<u>93,897</u>
<b>Cash flows from investing activities:</b>			
Interest		245	229
Purchase of tangible fixed assets		(190,448)	(203,481)
Capital grants from DfE Group		199,115	203,185
<b>Net cash provided by/(used in) investing activities</b>		<u>8,912</u>	<u>(67)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>94,109</b>	<b>93,830</b>
Cash and cash equivalents brought forward		<u>342,791</u>	<u>248,961</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>436,900</u></u>	<u><u>342,791</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 2018**

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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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**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 2018**

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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 2018**

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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:

Leasehold property	- 50 years straight line
Furniture and fixtures	- 4 years straight line
Plant and 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 2018**

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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 15. 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 16. 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 21, 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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**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 2018**

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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 funders where the asset acquired or created is held for a specific purpose.

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

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 21, 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 2018. 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 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	10,441	3,326	-	13,767	17,562
Capital Grants	-	-	199,115	199,115	218,695
	<u>10,441</u>	<u>3,326</u>	<u>199,115</u>	<u>212,882</u>	<u>236,257</u>
<i>Total 2017</i>	<u>1,805</u>	<u>15,757</u>	<u>218,695</u>	<u>236,257</u>	



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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,793,955	2,793,955	2,198,310
School Standards Grant	-	88,257	88,257	64,915
Start up grants	-	166,500	166,500	207,000
Rates relief	-	44,782	44,782	40,060
	-	3,093,494	3,093,494	2,510,285
<b>Other government grants</b>				
Other government grants	-	62,827	62,827	25,093
	-	62,827	62,827	25,093
<b>Other funding</b>				
Trip income	15,527	-	15,527	14,228
Catering income	83,199	-	83,199	28,713
Other Income	1,152	-	1,152	1,216
	99,878	-	99,878	44,157
	99,878	3,156,321	3,256,199	2,579,535
<b>Total 2017</b>	<b>42,941</b>	<b>2,536,594</b>	<b>2,579,535</b>	

**4. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings and club income	245,476	-	245,476	210,325
Energy income	-	-	-	1,138
Other income	8,212	-	8,212	3,632
	253,688	-	253,688	215,095
<b>Total 2017</b>	<b>215,095</b>	<b>-</b>	<b>215,095</b>	

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**5. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest receivable	245	-	245	229
<i>Total 2017</i>	229	-	229	

**6. Expenditure**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational activities:					
Direct costs	2,008,300	-	153,306	2,161,606	1,698,549
Support costs	679,632	711,752	569,503	1,960,887	1,681,403
	2,687,932	711,752	722,809	4,122,493	3,379,952
<i>Total 2017</i>	2,092,204	720,249	567,499	3,379,952	

**7. Analysis of expenditure by activities**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational activities	2,161,606	1,960,887	4,122,493	3,379,952
<i>Total 2017</i>	1,698,549	1,681,403	3,379,952	

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**7. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Educational activities</b>	<b>Total 2018</b>	<b>Total 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Agency staff	109,745	109,745	72,843
Educational supplies	89,969	89,969	69,574
Trip expenditure	19,028	19,028	15,032
Other direct costs	44,309	44,309	18,727
Wages and salaries	1,528,134	1,528,134	1,255,533
National insurance	135,494	135,494	104,761
Pension cost	234,927	234,927	162,079
	<b>2,161,606</b>	<b>2,161,606</b>	<b>1,698,549</b>
<i>At 31 August 2017</i>	<b>1,698,549</b>	<b>1,698,549</b>	

**Analysis of support costs**

	<b>Educational activities</b>	<b>Total 2018</b>	<b>Total 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Pension income	9,000	9,000	5,000
Staff costs	670,632	670,632	491,204
Depreciation	510,924	510,924	493,727
Agency staff	-	-	784
Recruitment	16,781	16,781	11,765
Repairs and maintenance	51,230	51,230	56,753
Rent and rates	54,800	54,800	42,542
Catering costs	251,085	251,085	214,581
Technology costs	72,685	72,685	50,672
Insurance costs	(13,540)	(13,540)	19,041
Heat and light costs	56,698	56,698	57,670
Security and transport costs	755	755	985
Cleaning and caretaking costs	51,640	51,640	69,557
Other support costs	212,887	212,887	152,359
Governance costs	15,310	15,310	14,763
	<b>1,960,887</b>	<b>1,960,887</b>	<b>1,681,403</b>
<i>At 31 August 2017</i>	<b>1,681,403</b>	<b>1,681,403</b>	

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**8. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,890,692	1,422,863
Social security costs	157,959	117,525
Operating costs of defined benefit pension schemes	483,536	356,202
	<u>2,532,187</u>	<u>1,896,590</u>
Seconded staff	-	115,533
Staff restructuring costs	37,000	1,454
Supply teacher costs	109,745	74,678
	<u>2,678,932</u>	<u>2,088,255</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	<u>37,000</u>	<u>1,454</u>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £37,000 (2017: £nil). Individually, the payments made were £37,000 in January 2018.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	36	27
Admin & Support	63	55
Management	7	4
	<u>106</u>	<u>86</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	0	1

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**8. Staff costs (continued)**

Of the above employees, two (2017: one) participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £15,424 (2017: £12,964).

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £333,927 (2017: £166,656).

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

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned or under long term leasehold by the charity	510,924	493,727
Auditor's remuneration - audit	10,000	9,500
Auditor's remuneration - other services	3,500	2,975
	<u>524,424</u>	<u>506,202</u>

**10. 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:

	2018 £	2017 £
Ascot Road Community Free School	24,492	17,868
Lanchester Community Free School	24,492	17,868
Jupiter Community Free School	24,492	17,868
	<u>73,476</u>	<u>53,604</u>
Total		

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**11. 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:

		2018 £	2017 £
G Jones	Remuneration	25,000-30,000	15,000-20,000
	Pension contributions paid	Nil	Nil

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £NIL).

**12. 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.

**13. Other finance expense**

	2018 £	2017 £
Interest income on pension scheme assets	8,000	3,000
Interest expense on pension scheme liabilities	(17,000)	(8,000)
	<u>(9,000)</u>	<u>(5,000)</u>

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**14. Tangible fixed assets**

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 September 2017	10,795,139	573,535	503,564	11,872,238
Additions	-	35,349	155,099	190,448
At 31 August 2018	10,795,139	608,884	658,663	12,062,686
<b>Depreciation</b>				
At 1 September 2017	647,709	285,542	265,499	1,198,750
Charge for the year	215,902	146,611	148,411	510,924
At 31 August 2018	863,611	432,153	413,910	1,709,674
<b>Net book value</b>				
At 31 August 2018	9,931,528	176,731	244,753	10,353,012
At 31 August 2017	10,147,430	287,993	238,065	10,673,488

**15. Debtors**

	2018 £	2017 £
Trade debtors	15,679	11,549
Other debtors	458,960	364,286
Prepayments and accrued income	101,658	95,024
	<u>576,297</u>	<u>470,859</u>

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

	2018 £	2017 £
Trade creditors	143,025	106,614
Other taxation and social security	34,532	31,131
Other creditors	81,353	80,723
Accruals and deferred income	186,300	152,192
	<u>445,210</u>	<u>370,660</u>

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**16. Creditors: Amounts falling due within one year (continued)**

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	108,341	81,186
Resources deferred during the year	143,811	108,341
Amounts released from previous years	(108,341)	(81,186)
Deferred income at 31 August 2018	<u>143,811</u>	<u>108,341</u>

At the balance sheet date the academy trust was holding grants received in advance for free school meals being provided in 2018/19.

**17. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
Unrestricted funds	109,384	364,252	(272,429)	-	-	201,207
<b>Restricted funds</b>						
General Annual Grant (GAG)	304,952	2,793,955	(2,693,527)	(88,500)	-	316,880
Other ESFA grants	-	299,539	(299,539)	-	-	-
Other Government Grants	-	62,827	(62,827)	-	-	-
Other income	-	3,326	(3,326)	-	-	-
Development fund	-	-	(75,921)	80,000	-	4,079
Pension reserve	(240,000)	-	(204,000)	-	126,000	(318,000)
	<u>64,952</u>	<u>3,159,647</u>	<u>(3,339,140)</u>	<u>(8,500)</u>	<u>126,000</u>	<u>2,959</u>



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

**Restricted fixed asset funds**

Academy buildings transferred from Local Authority	10,147,430	-	(215,902)	-	-	9,931,528
Other fixed assets	526,058	-	(295,022)	190,448	-	421,484
Donations and capital grants	28,654	199,115	-	(181,948)	-	45,821
	<u>10,702,142</u>	<u>199,115</u>	<u>(510,924)</u>	<u>8,500</u>	<u>-</u>	<u>10,398,833</u>
Total restricted funds	<u>10,767,094</u>	<u>3,358,762</u>	<u>(3,850,064)</u>	<u>-</u>	<u>126,000</u>	<u>10,401,792</u>
Total of funds	<u>10,876,478</u>	<u>3,723,014</u>	<u>(4,122,493)</u>	<u>-</u>	<u>126,000</u>	<u>10,602,999</u>

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.

**Development fund**

In May 2017 Lanchester Community Free School (LCFS) was inspected. It was judged by Ofsted to be good in four areas:

- Quality of teaching, learning and assessment;
- Personal development, behaviour and welfare;
- Outcomes for pupils;
- Early Years provision;

but was judged to require improvement in the effectiveness of leadership and management and, therefore, the overall judgement was that the school required improvement.

The principal of the school was an executive principal over two schools – LCFS and Ascot Road Community Free School (ARCFS). In October 2017 they were absent from school until December 2017 when they decided to step down from the role. New principals (one for each school) were then recruited to take up post in April 2018 – the earliest date that the recruitment requirement would allow. This left both schools without the leadership of a principal for the best part of two terms.

Both schools had 'tight' budgets and in order to put in place interim leadership in both schools and to accelerate improvement in LCFS the trustees approved the creation of a development fund of £80,000 from reserves (£30,000 from each school and £20,000 from the central trust).

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

This fund was spent on:

- discretionary payments to a number of staff who took on additional responsibilities;
- some temporary staffing enhancements to relieve pressure and provide additional leadership time;
- payment to Longdean School for the part-time release of their headteacher to support the leadership in LCFS;
- overtime for completion of specific tasks such as personnel file audits and SEND records;
- curriculum support and materials;
- advisory support;
- recruitment of new principals; and
- purchase of CPOMs (safeguarding and child protection software for schools) for the initial year.

A cost centre was created for this fund and spending against this budget was only with the authorisation of the CEO and the Trust Business Manager. The carried forward balance of the Development Fund is held centrally within West Herts Community Free School Trust.

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 2018.

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Ascot Road Community Free School	134,670	117,124
Jupiter Community Free School	233,200	114,247
Lanchester Community Free School	93,018	103,053
West Herts Community Free School Trust	61,278	79,912
Total before fixed asset fund and pension reserve	<u>522,166</u>	<u>414,336</u>
Restricted fixed asset fund	10,398,833	10,702,142
Pension reserve	(318,000)	(240,000)
Total	<u><u>10,602,999</u></u>	<u><u>10,876,478</u></u>

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**17. 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 depreciation £	Total 2018 £	Total 2017 £
Ascot Road Community Free School	703,456	178,931	24,165	255,045	1,161,597	940,219
Jupiter Community Free School	646,639	173,179	18,637	263,300	1,101,755	904,112
Lanchester Community Free School	658,205	191,958	27,099	289,727	1,166,989	987,270
Central services	-	135,564	-	45,664	181,228	54,624
	<u>2,008,300</u>	<u>679,632</u>	<u>69,901</u>	<u>853,736</u>	<u>3,611,569</u>	<u>2,886,225</u>

**Statement of funds - prior year**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds	85,687	260,070	(236,373)	-	-	109,384
<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>-</u>	<u>67,000</u>	<u>64,952</u>

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**17. 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>-</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>-</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>-</u>	<u>67,000</u>	<u>10,876,478</u>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	10,353,012	10,353,012
Current assets	201,207	766,169	45,821	1,013,197
Creditors due within one year	-	(445,210)	-	(445,210)
Provisions for liabilities and charges	-	(318,000)	-	(318,000)
	<u>201,207</u>	<u>2,959</u>	<u>10,398,833</u>	<u>10,602,999</u>

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

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(399,479)	(348,836)
<b>Adjustment for:</b>		
Depreciation charges	510,924	493,727
Interest received	(245)	(229)
Increase in debtors	(105,438)	(138,628)
Increase in creditors	74,550	125,048
Capital grants from DfE and other capital income	(199,115)	(203,185)
Defined benefit pension scheme cost less contributions payable	195,000	161,000
Defined benefit pension scheme finance cost	9,000	5,000
<b>Net cash provided by operating activities</b>	<b>85,197</b>	<b>93,897</b>

**20. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	436,900	342,791
<b>Total</b>	<b>436,900</b>	<b>342,791</b>

**21. 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.

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 £13,184 were payable to the schemes at 31 August 2018 (2017 - £14,542) 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.

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**21. Pension commitments (continued)**

**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 £234,927 (2017 - £162,079).

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 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 2018 was £158,000 (2017 - £122,000), of which employer's contributions totalled £121,000 (2017 - £89,000) and employees' contributions totalled £37,000 (2017 - £33,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.40 %	2.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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**21. Pension commitments (continued)**

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

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.9	24.9
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	230,000	168,000
Debt instruments	152,000	65,000
Property	35,000	18,000
Cash and other liquid assets	18,000	8,000
Total market value of assets	<u>435,000</u>	<u>259,000</u>

The actual return on scheme assets was £18,000 (2017 - £30,000).

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

	2018 £	2017 £
Current service cost	(316,000)	(250,000)
Interest income	8,000	3,000
Interest cost	(17,000)	(8,000)
Total	<u>(325,000)</u>	<u>(255,000)</u>

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**21. Pension commitments (continued)**

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

	2018 £	2017 £
Opening defined benefit obligation	499,000	246,000
Current service cost	316,000	250,000
Interest cost	17,000	8,000
Employee contributions	37,000	33,000
Actuarial remeasurements	(116,000)	(38,000)
	<u>753,000</u>	<u>499,000</u>
Closing defined benefit obligation	<u>753,000</u>	<u>499,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	259,000	105,000
Interest income	8,000	3,000
Actuarial remeasurements	10,000	29,000
Employer contributions	121,000	89,000
Employee contributions	37,000	33,000
	<u>435,000</u>	<u>259,000</u>
Closing fair value of scheme assets	<u>435,000</u>	<u>259,000</u>

**22. Operating lease commitments**

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	1,615	1,890
Between 1 and 5 years	5,653	492
	<u>7,268</u>	<u>2,382</u>
Total	<u>7,268</u>	<u>2,382</u>

**23. Members' liability**

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



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**24. Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year ended 31 August 2018, 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 (WHST) and also a director and member of the Hatfield Community Free School Trust. During the year ended 31 August 2018, a total of £9,422 (2017: £120,905) was payable by the WHST to Hatfield Community Free School for seconded staff and office space rental of which £1,497 (2017: £9,413) is included within trade creditors at the year end.

Jo Kavakeb, a member of the trust, is a director of Squirrels Day Nurseries. During the year, the academy trust received £145,464 (2017: £131,374) for services provided to Squirrels Day Nurseries. At the year end, £15,378 (2017: £7,632) was outstanding and is included within debtors.

Graham Cunningham, a member, is a director and the Head Teacher at Longdean School. During the year, the academy trust paid £27,700 to Longdean School (2017: £Nil) for the backfill of services for Graham Cunningham. There were no amounts outstanding to Longdean School at the year end (2017: £Nil).