

# **Alban City Free School Limited**

(A Company Limited by Guarantee)

## **Annual Report and Financial Statements**

**Period ended 31 August 2012**

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COMPANIES HOUSE

**Company Registration Number:**  
**07644208 (England and Wales)**

# Alban City Free School Limited

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# Alban City Free School Limited

## Reference and Administrative Details

Governors	Linda Crawley (Chair)	appointed 23/05/2011
	Janice Graham	appointed 23/05/2011
	Lara Jubb	appointed 23/05/2011
	Sandra Ison	appointed 23/05/2011
	Darren de Banks	appointed 23/05/2011
		resigned 13/02/2012
	Hilary Isham	appointed 01/02/2012
	Richard Rickwood	appointed 01/02/2012
	Jennie Burton	appointed 01/02/2012
	Ben Wicks	appointed 01/02/2012
	Isabel Reynolds	appointed 01/02/2012
	Kate Leahy (Local Authority)	appointed 01/02/2012
	Janet Goddard (Headteacher)	appointed 16/04/2012
Secretary	Jennie Burton	appointed 01/02/2012
Business Manager	Philippa Stapleton	
Principal and Registered Office	7 Hatfield Road, St Albans, Hertfordshire, AL1 3RR	
Company Registration Number	07644208 (England and Wales)	
Independent Auditor	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	

# Alban City Free School Limited

## Governors' Report

The governors present their annual report together with the financial statements and auditors' report of the company for the period ended 31 August 2012

## Structure, Governance and Management

### Constitution

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

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

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

### Members' Liability

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

### Governors' Indemnities

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

### Principal Activities

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

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

When the Company was formed, the members became the first governors of the school. During the period, additional governors have been appointed who bring different expertise to the Governing Body. After the opening of the school, the Governing Body will be further expanded to include parent and staff governors.

Alban City Free School's Governing Body comprises of the 4 First Governors, 5 Community Governors, one Local Authority Governor and the Headteacher. The Articles of Association require that there be a minimum of 3 Governors. The term is 4 years although the Governors can resign at any time during this period.

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

With regards to the appointment of Community Governors, the Governing body will ensure that consideration is given to the skills mix of the Governors so that they can contribute fully ensure the School's development.

# Alban City Free School Limited

## Policies and Procedures Adopted for the Induction and Training of Governors

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

## Organisational Structure

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

At the first full Governing Body meeting in the Autumn term the Governors elect the Chair & Vice Chair of the full Governing Body and each of the committees.

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

The day to day running of the School is delegated to the Headteacher who is the Accounting Officer as required by the Funding Agreement with the Department of Education. The responsibilities of the Accounting Officer are defined in the Statement of Internal Control on Page 10.

## Risk Management

The Governors are responsible for the management of risks to which Alban City Free School is exposed and have completed a review of risks associated with its activities. The key controls used for Alban City Free School are:

- Formal Agendas for all meetings
- Terms of Reference for the committees
- Development Plan which identifies key strategic planning objectives and the resources required to achieve them
- Budget planning, monitoring and reviews
- Financial authorisation and approval levels
- Written policies reviewed regularly
- Clear Safeguarding and vetting procedures as required by law to protect the pupils
- Continuous review of educational achievements to ensure high standards can be achieved
- Succession Planning

The Governors have reviewed the major risks, focusing on operational, financial, governance, compliance and reputational risk, and are satisfied that steps have been taken to mitigate the risks. The Governors recognise that systems can only provide reasonable assurance that major risks are adequately managed.

# Alban City Free School Limited

After the period end, the Governors have appointed Peter Smithson as the Responsible Officer (RO) The RO provides assurance to the Governors on Financial matters by performing a range of checks on the School's Financial Management System (FMS) The RO will visit once a term to complete the checks and provide a report to the Chair of Governors and the Responsible Governor

There is no credit risk as the amounts generally owed to the School are by the local authority or Department for Education

## Connected Organisations, including Related Party Relationships

There are no connected organisations

## **Objectives and Activities**

### Objects and Aims

Alban City Free School's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum

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

Alban City Free School's aims are

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

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

### Objectives, Strategies and Activities

Alban City Free School has focused on the following objectives during its opening period

- To ensure that all new staff to the school are fully inducted with policies and procedures
- To develop whole school priorities and implement the vision for the future of the school
- To ensure good quality Early Years Foundation Stage and Key Stage 1 teaching
- To ensure that a rigorous process of assessment is established
- To attain high standards in reading, writing and maths through on-going staff development, high quality teaching and the purchasing of quality resources

# Alban City Free School Limited

- To deliver the ICT curriculum in an imaginative, creative and cross curricular format
- To ensure that all children receive appropriate support
- For Governors to continue to develop their strategic overview

## Public Benefit

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

## Going Concern

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

## Key Financial Performance Indicators

### **Financial Review**

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

During this period under review the main source of income was from the Lead-In Costs Grant provided by the Department for Education. These funds have been used for setting up the school in advance of its opening on 1 September 2012.

## Financial and Risk Management Objectives and Policies

The main financial risk to the Alban City Free School is the cash flow. The governing body monitors cash flow to ensure that the School has sufficient funds available to meet its debts as they fall due. The Governors have assessed the credit risk but as the School's main income was from the DfE they feel that this is not an issue as funds are received when due.

### **FRS 17 Local Government Pension Scheme**

During the period the School has paid contributions into the Local Government Pension Scheme in respect of one member of staff for 3 months. At the time of these financial statements, an FRS 17 report for the LPGA was not available. A report will be available for the following year.

# Alban City Free School Limited

## Principal Risks and Uncertainties

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

- *Financial Risk*

The school development plan is followed closely to ensure that a continuing maintenance of the site is maintained and that staffing is sustainable

- *Failure in Governance/management*

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

- *Reputational Risk*

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

- *Safeguarding and Child Protection risks*

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

- *Significant changes in staff*

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

## Reserves Policy

Once the school has opened, Alban City Free School aims to carry forward some resources from the General Annual Grant (restricted fund) and the School fund (unrestricted fund) to cover the medium and long term needs for renewal and replacement of major capital projects and unforeseen contingencies. The amount's to be carried forward from the Annual General Grant is subject to the restrictions by the Department for Education

## Investment Policy

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

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



# Alban City Free School Limited

## Plans for Future Periods

The objectives for the first period of the School at Alban City Free School are

- To ensure that all new staff to the school are fully inducted with policies and procedures
- To develop whole school priorities and implement the vision for the future of the school
- To ensure good quality Early Years Foundation Stage and Key Stage 1 teaching
- To ensure that a rigorous process of assessment is established
- To attain high standards in reading, writing and maths through on-going staff development, high quality teaching and the purchasing of quality resources
- To deliver the ICT curriculum in an imaginative, creative and cross curricular format
- To ensure that all children receive appropriate support
- For Governors to continue to develop their strategic overview

## Funds held as Custodian Governor on behalf of others

The Free School does not hold any funds as Custodian Governor

## Auditor

In so far as the governors are aware

There is no relevant audit information of which the company's auditor is unaware, and

The governors have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information

*Alban City Free School Limited has appointed Kingston Smith LLP as auditors*

Approved by order of the members of the Governing Body on 10 December 2012 and signed on its behalf by

Signed



LH Crawley  
Chair

# Alban City Free School Limited

## Governance Statement

### Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Alban City Free School and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors responsibilities. In the process of setting up Alban City Free School, a Steering Group comprising of founding governors and other interested parties was in existence. This group met several times until the group was formalised into a 'Shadow' Governing Body on 2 February 2012. This body met 9 times during the period and attendance at those meetings was as follows:

Governor	Meetings attended	Out of a possible
Linda Crawley	9	9
Janice Graham	7	9
Sandra Ison	7	9
Lara Jubb	7	9
Jennie Burton	8	9
Hilary Isham	8	9
Kate Leahy	7	9
Isobel Reynolds	6	9
Richard Rickwood	7	9
Ben Wicks	6	9
Janet Goddard	5	6

The Alban City Free School Governing Body has 2 sub committees: Resources and Pupil Achievement.

# Alban City Free School Limited

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alban City Free School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

## Capacity to Handle Risk

The governing body has reviewed the key risks to which Alban City Free School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing Alban City Free School's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

## The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The governing body has considered the need for a specific internal audit function and appointed Peter Smithson as the Responsible Officer (RO). The RO provides assurance to the Governors on Financial matters by performing a range of checks on the School's Financial Management System (FMS). The RO will visit once a term to complete the checks and provide a report to the Chair of Governors and the Responsible Governor on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

# Alban City Free School Limited

## Review of Effectiveness -

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

- The financial management and governance self-assessment process,
- The work of the executive managers within Alban City Free School who have responsibility for the development and maintenance of the internal control framework,
- The work of the external auditor

The accounting officer has been advised of the system of internal control in place during the period and a plan to address any weakness and ensure continuous improvement of the system is in place

The responsible officer was appointed after the year end

Approved by order of the members of the governing body on 10<sup>th</sup> December 2012 and signed on its behalf by

Signed



LH Crawley

Chair

Signed



J Goddard

Accounting Officer

# Alban City Free School Limited

## Statement on Regularity, Propriety and Compliance

As accounting officer of Alban City Free School I have considered my responsibility to notify Alban City Free School governing body and the Education Funding Agency of material irregularity, impropriety and noncompliance with EFA terms and conditions of funding, under the funding agreement in place between Alban City Free School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and Alban City Free School governing body are able to identify any material irregular or improper use of funds by Alban City Free School, or material non-compliance with the terms and conditions of funding under Alban City Free School's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

**Signed**



**J Goddard**  
Accounting Officer

10<sup>th</sup> December 2012

# Alban City Free School Limited

## Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

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

Approved by order of the members of the Governing Body on 10<sup>th</sup> December 2012 and signed on its behalf by

**Signed**



**LH Crawley**

**Chair**

# Alban City Free School Limited

## Independent Auditor's Report on Regularity to the Governing Body of Alban City Free School Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 27 September 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Free School during the period 23 May 2011 to 31 August 2012 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 the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

### Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 23 May 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

### Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kingston Smith LLP

Anjali Kothari (Senior Statutory Auditor)  
For and on behalf of Kingston Smith LLP

Date 13<sup>th</sup> December 2012

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# **Alban City Free School Limited**

## **Independent Auditor's Report to the Members of Alban City Free School Limited.**

We have audited the financial statements of the Alban City Free School Limited for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of governors and auditor**

As explained more fully in the Governors' Responsibilities set out on page 12, the governors (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.



# Alban City Free School Limited

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

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

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

- 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 governors' remuneration specified by law are not made, or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report

Kingston Smith LLP

**Anjali Kothari (Senior Statutory Auditor)**

For and on behalf of Kingston Smith LLP

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Date 13<sup>th</sup> December 2012

# Alban City Free School Limited

## Statement of Financial Activities for the period ended 31 August 2012

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds	Restricted Funds	Total 2012
<b>Incoming resources</b>				
<i>Incoming resources from generated funds</i>				
Investment income	3	3		3
<i>Incoming resources from charitable activities</i>				
Funding for the Free School operations	2	-	76,204	76,204
<b>Total incoming resources</b>		<u>3</u>	<u>76,204</u>	<u>76,207</u>
<b>Resources expended</b>				
<i>Charitable activities</i>				
Free school educational Operations	5	-	52,194	52,194
Governance costs	6	-	3,978	3,978
<b>Total resources expended</b>	4	<u>-</u>	<u>56,172</u>	<u>56,172</u>
<b>Net incoming/(outgoing) resources before transfers</b>				
		3	20,032	20,035
Gross transfers between funds	13	-	-	-
<b>Net income/(expenditure) for the period</b>		<u>3</u>	<u>20,032</u>	<u>20,035</u>
<b>Other recognised gains and losses</b>				
Actuarial (losses)/gains on defined benefit pension schemes	13	-	-	-
<b>Net movement in funds</b>		<u>3</u>	<u>20,032</u>	<u>20,035</u>
<b>Reconciliation of funds</b>				
Funds brought forward at 22 May 2011	13	-	-	-
<b>Funds carried forward at 31 August 2012</b>		<u>3</u>	<u>20,032</u>	<u>20,035</u>

All of the Free School's activities derive from continuing operations during the above financial period

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

# Alban City Free School Limited

## Balance Sheet as at 31 August 2012

		2012	2012
	Notes		
<b>Fixed assets</b>			
Tangible assets	10		5,454
<b>Current assets</b>			
Debtors	11	33,205	
Cash at bank and in hand		10,305	
		<u>43,510</u>	
Creditors Amounts falling due within one period	12	<u>(28,929)</u>	
<b>Net current assets</b>			<u>14,581</u>
<b>Total assets less current liabilities</b>			<u>20,035</u>
<b>Funds of the school</b>			
<b>Restricted funds</b>	13		<u>20,032</u>
<b>Total restricted funds</b>			<u>20,032</u>
<b>Unrestricted funds</b>			
General fund(s)	13		3
Pension fund(s)	13		-
<b>Total unrestricted funds</b>			<u>3</u>
<b>Total funds</b>			<u>20,035</u>

The financial statements were approved by the Governors and authorized for issue on 10<sup>th</sup> December 2012 and are signed on their behalf by



LH Crawley  
Chair



J Goddard  
Headteacher

Company Number 07644208

# Alban City Free School Limited

## Cash Flow Statement for the period ended 31 August 2012

	Notes	£	2012 £
<b>Net Cash Inflow from Operating Activities</b>	16		16,059
<b>Return on Investments and Servicing of Finance</b>			
Interest received	17	3	
Interest paid		<u>-</u>	
<b>Net Cash Outflow from Investments and Servicing of Finance</b>			16,062
<b>Capital Expenditure</b>			
Purchases of tangible fixed assets	18	<u>(5,757)</u>	
<b>Net Cash Outflow from Capital Expenditure</b>			<u>(5,757)</u>
<b>Net Cash Inflow/ (Outflow) before Financing</b>			10,305
<b>Financing</b>			<u>-</u>
<b>Increase/ (decrease) in Cash</b>			<u><u>10,305</u></u>

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 1 Statement of Accounting Policies

#### **Basis of Preparation**

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

#### **Going Concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one period from the date of approval of the financial statements.

#### **Incoming Resources**

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

##### **Grants receivable**

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

##### **Donations**

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

##### **Other income**

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

#### **Resources Expended**

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

##### **Costs of generating funds**

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

##### **Charitable activities**

These are costs incurred on the Free School's educational operations.

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 1 Statement of Accounting Policies (continued)

#### **Governance Costs**

These include the costs attributable to the Free School's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

#### **Tangible Fixed Assets**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Free School's depreciation policy.

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

ICT equipment	3 Year Straight Line
---------------	----------------------

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

#### **Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term. There are no leased assets in use during the period under review.

#### **Taxation**

The Free School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Free School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 1 Statement of Accounting Policies (continued)

#### Pensions Benefits

Retirement benefits to employees of the Free School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Free School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Free School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi employer scheme and the Free School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the Free School in separate governor administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments.

They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### Fund Accounting

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

Restricted general funds comprise all other restricted funds received.

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 2 Funding for Free Schools Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
DfE/EFA Grants	-	76,204	76,204
	-	76,204	76,204

### 3 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Bank interest	3	-	3

### 4 Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2012 £
Free school educational operations				
Direct costs	27,599		105	27,704
Allocated support costs	3,689	2,289	18,512	24,490
	31,288	2,289	18,617	52,194
Governance costs including Support costs	-	-	3,978	3,978
	31,288	2,289	22,595	56,172
Incoming/outgoing resources for the period include				2012 £
Fees payable to auditor				
Audit				1,300
Other services				1,000



# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 5 Charitable Activities – Free School Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
<b>Direct costs</b>			
Teaching and educational support staff costs	-	27,599	27,599
Educational supplies	-	105	105
	-	27,704	27,704

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
<b>Allocated support costs</b>			
Support staff costs	-	3,689	3,689
Depreciation	-	303	303
Recruitment and support	-	4,916	4,916
Rent	-	2,289	2,289
Insurance	-	1,394	1,394
Security and transport	-	39	39
Other support costs	-	11,860	11,860
	-	24,490	24,490
	-	52,194	52,194

### 6 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Auditor's remuneration			
Audit of financial statements	-	2,300	2,300
Support costs	-	14	14
Governor training	-	535	535
Governors' reimbursed expenses	-	1,129	1,129
	-	3,978	3,978

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 7 Staff Costs

	2012
	£
Wages and salaries	25,551
Social Security	2,262
Pension Costs	3,475
	<u>31,288</u>

The average number of persons (including senior management team) employed by the Free School during the period expressed as full time equivalents was as follows

	2012
	No.
<b>Charitable activities</b>	
Teachers	1
Administration and support	-
Management	1
	<u>2</u>

There were no employees whose emoluments were above £60,000

One of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £3,140. The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £335.

### 8 Governors' Remuneration and Expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Free School in respect of their role as governors. The value of the Principal's remuneration was at scale L19 of the Hertfordshire County Council salary scales in 2012.

During the period ended 31 August 2012, travel and subsistence expenses totalling £1,129 were reimbursed to governors.

Related party transactions involving the governors are set out in note 22.

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 9 Governors' and Officers' Insurance

In accordance with normal commercial practice the Free School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Free School business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2012 was £750.

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

### 10 Tangible Fixed Assets

	<b>Furniture and Equipment £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 23 May 2011	-	-	-
Additions	-	5,757	5,757
Disposals	-	-	-
At 31 August 2012	-	5,757	5,757
<b>Depreciation</b>			
At 23 May 2011	-	-	-
Charged in period	-	303	303
Disposals	-	-	-
At 31 August 2012	-	303	303
<b>Net Book Value</b>			
At 23 May 2011	-	-	-
At 31 August 2012	-	5,454	5,454

### 11 Debtors

	<b>2012 £</b>
Other debtors	19,794
Prepayments	8,153
Other taxation and social security	5,258
	<b>33,205</b>

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 12 Creditors' Amounts falling due within one period)

	2012 £
Trade creditors	4,846
Other taxation and social security	3,538
Accruals and deferred income	20,545
	<u>28,929</u>

### 13 Funds

	Balance at 23 May 2011 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>					
Pension fund	-	-	-	-	-
Fixed asset fund	-	5,757	(303)	-	5,454
Other DfE/EFA grants	-	70,447	(55,869)	-	14,578
	<u>-</u>	<u>76,204</u>	<u>(56,172)</u>	<u>-</u>	<u>20,032</u>
<b>Total restricted funds</b>	<u>-</u>	<u>76,204</u>	<u>(56,172)</u>	<u>-</u>	<u>20,032</u>
<b>Unrestricted funds</b>					
Unrestricted funds	-	3	-	-	3
<b>Total unrestricted funds</b>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
<b>Total funds</b>	<u>-</u>	<u>76,207</u>	<u>(56,172)</u>	<u>-</u>	<u>20,035</u>

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 14 Analysis of Net Assets between Funds

Fund balances at 31 August 2012 are represented by

	<b>Unrestricted Funds £</b>	<b>Restricted General Funds £</b>	<b>Total Funds £</b>
Tangible fixed assets	-	5,454	5,454
Current assets	3	43,507	43,510
Current liabilities	-	(28,929)	(28,929)
Pension scheme liability	-	-	-
<b>Total net assets</b>	<b>3</b>	<b>20,032</b>	<b>20,035</b>

### 15 Financial Commitments

#### Operating leases

At 31 August 2012 the Free School had no annual commitments under non-cancellable operating leases

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 16 Reconciliation of Net Income to Net Cash Inflow From Operating Activities

	2012 £
Net income	20,035
Depreciation (note 10)	303
Interest receivable (note 3)	(3)
(Increase)/decrease in debtors	(33,205)
Increase/(decrease) in creditors	28,929
<b>Net cash inflow from operating activities</b>	<b>16,059</b>

### 17 Returns on Investments and Servicing of Finance

	2012 £
Interest received	3
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>3</b>

### 18 Capital Expenditure and Financial Investment

	2012 £
Purchase of tangible fixed assets	5,757
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>5,757</b>

### 19 Analysis of Changes in Net Funds

	At 23 May 2011 £	Cash Flows £	At 31 August 2012 £
Cash in hand and at bank	-	10,305	10,305

# Alban City Free School Limited

## Notes to the Financial Statements for the period ended 31 August 2012

### 20 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 period after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member

### 21 Pension and Similar Obligations

The Free School's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council Both are defined-benefit schemes The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £1,259 were payable to the schemes at 31 August and are included within creditors

#### Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four periods in accordance with the advice of the Government Actuary

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme The Free School is unable to identify its share of the underlying assets and liabilities of the scheme

Accordingly, the Free School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme The Free School has set out above the information available on the scheme and the implications for the Free School in terms of the anticipated contribution rates

# **Alban City Free School Limited**

## **Notes to the Financial Statements for the period ended 31 August 2012**

### **22 Related Party Transactions**

Owing to the nature of the Free School's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Free School's financial regulations and normal procurement procedures.