

Company Registration Number: 07793019

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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



**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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WHITECROSS HEREFORD
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2017

Trustees	M Hales, Chairman A Douthwaite, Parent Trustee D Goodall, Parent Trustee (resigned 1 September 2016) R Hulse, Community Trustee (appointed 5 September 2016) A Barnes, Community Trustee (resigned 5 December 2016) T Rafiq, Parent Trustee M Radnor, Staff Trustee (resigned 1 September 2016) T Knapp, Head Teacher & Accounting Officer J Woolley, Staff Trustee (appointed 10 October 2016) C Thomas, Parent Trustee T Pitcher, Staff Trustee A Fitt, Community Trustee (appointed 15 May 2017) N Wrigley, Parent Trustee A Blackman, Vice Chair (appointed 5 September 2016) S Keswick, Staff Trustee (appointed 3 October 2016)
Company registered number	07793019
Company name	Whitecross Hereford
Principal and registered office	Three Elms Road Hereford Herefordshire HR4 0RN
Company secretary	Mrs S Lusted
Accounting Officer	Mr T Knapp
Senior management team	T Knapp, Head Teacher R Patterson, Deputy Head Teacher M Desborough, Deputy Head Teacher A Tootell, Assistant Head Teacher S Lusted, Business Manager
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT
Bankers	Lloyds Bank Plc 8 High Town Hereford HR1 2AE
Solicitors	Harrison Clark Rickerbys LLP First Floor Suite Thorpe House 29 Broad Street Hereford HR4 9AR

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 servicing a catchment area to the west of Hereford city. It has a pupil capacity of 900 and had a roll of 875 in the school census on 31 May 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Whitecross Hereford High School are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served throughout the year, except as noted, 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 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 they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £2,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

Eligibility to act as a Trustee and Governor of Whitecross Hereford is within the Constitutional Framework and Clauses 65 to 81 of the Articles of Association.

Trustees (Governors) are sought by election from the parent body (staff governors via the staff body) and co-opted from the local community dependent upon skill requirements.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees (Governors) receive an induction pack and are provided with support from a more experienced Trustee. One of the Members has responsibility for induction and works with the Clerk to Governors to ensure that new Trustees access appropriate training courses. The Academy Trust is a member of the Herefordshire Governors' Association; which provides support and training for all Trustees.

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

Organisational Structure

The Senior Leadership of the School consists of the Head Teacher (Chief Executive), Two Deputy Head Teachers, Assistant Head Teacher and Business Manager. The Governing Body supports this structure with subcommittees as follows:

- Governor / SLT Briefing - Outcomes (made up of the Chairs of each committee)
- Teaching, Learning, Curriculum and Assessment
- Personal Development, Behaviour and Welfare
- Staff and Finance

The Head Teacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Pay and remuneration for Key Management Personnel is set observing the guidance contained in the Teachers Performance Related Pay Policy, and any decisions made are ratified by the Chair of Governors and members of the Staff and Finance Committee.

Connected Organisations, including Related Party Relationships

The Academy Trust works in partnership with local primary schools, in particular Trinity Primary School and is part of the Hereteach alliance. In 2016/2017 the school also joined the Stourport Teaching Schools Network. In partnership with the University of Worcester we trained nine PGCE students. We also work with other High Schools in Herefordshire and have a strong link with The Cathedral School including a formal link with their Combined Cadet Force.

We are a designated Sports College working in partnership with the Youth Sport Trust as a gold, premier member. The Head Teacher chairs the Local Organising Committee for the Herefordshire School Games, is a member of the Schools Forum and sits on the Hereford Safeguarding Children Board.

The school was built under the Private Finance Initiative and therefore our facilities are managed by Integral with one subcontractor on site: Alliance in Partnership providing catering. Whitecross @Stepnell provide an ICT managed service.

OBJECTIVES AND ACTIVITIES

Objects and Aims

Our mission statement 'Excellence for all, excellence from all' will be delivered through our DNA:

- Outstanding learning for all;
- We are role models living our values; and
- The highest standards everywhere.

Therefore we

- Believe everyone belongs and everyone matters;
- Know good relationships focused on learning are vital to success;
- Actively inspire and enthuse young people;
- Believe every lesson and every moment at school matters;
- Believe in overcoming barriers not making excuses;
- Embrace feedback and value practice in the pursuit of excellence; and
- Recognise the importance of keeping children safe.

So that our students

- Feel they are safe and that they belong;
- Believe that by working hard they will improve;
- Are motivated to achieve great things;
- Recognise and realise their potential;
- Care about the people around them;
- Have outstanding levels of literacy and numeracy; and
- Make exceptional progress.

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

Our Values

Respect, Perseverance, Trust, Love, Courage, Equality

Key objectives from the Funding Agreement:

- The school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community;
- There will be an emphasis on the needs of the individual students including students with Special Education Needs (SEN), both those with and without statements of SEN; and
- The curriculum provided by the Academy to students up to the age of 16 shall be broad and balanced with an emphasis in its secondary curriculum on sports.

Objectives, Strategies and Activities

Our priorities as detailed in our School Development Plan are:

- **To prioritise the improvement of teaching and the leadership of teaching across the school** - To do this we will need to ensure that our appraisal systems fully engages teachers and that middle leaders are properly equipped to drive change;
- **Create a vibrant learning culture where improving learning is at the heart of our work** – to do this we will need to improve the quality of teaching further in an environment of mutual support and shared good practice. Students will need to be challenged and supported to work more effectively;
- **Grow the sense of belonging to and ownership of the school by staff, students and their families so that aspirations are raised and students more readily engage in our ambition for them to achieve outstanding things** – to do this we will need to listen more, grow leadership opportunities for all and work more effectively with our education partners and community. Our DNA needs to be more explicit and our communication of our values and intentions, more frequent and obvious;
- **Be relentless in the pursuit of excellence in all our systems** – to do this we will need to expand our action planning and work clearly to establish whole school protocols that are consistent and have impact; and
- **Improve the progress ALL students make relative to their starting point and to raise levels of attainment where they are not yet outstanding** – to do this we will need to support areas where there is no in-school variation and have clear plans to close gaps where they exist. A key area of improvement will be our intervention with disadvantaged students.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The school's performance was stable in 2017 and showed strong evidence of continued improvement at a time of turbulence and change in the examination structure. Despite many challenges with the cohort and as a consequence of improving systems and a strong focus on improving teaching, outcomes remained in line with national average and in many cases exceeded them.

Attainment in both English and mathematics was strong, matching our targets and in line with national figures. 74% of students achieved a GCSE grade 4 – 9 in English and 69% of students achieved a GCSE grade 4 – 9 in maths. Both these figures broadly match our targets and the national average which for a cohort with a significantly below average starting point is very positive. The percentage of students gaining a grade 4 or above in both English and maths was 62%, again in line with the national result. 37% of students achieve a level 5 or above in both English and maths which matches the estimate for the top 20% of similar schools.

The school's Progress 8 figure fell to -0.01 from +0.12 in 2016. This drop can be attributed to performance in some Open subjects and to a complex national picture. The school's overall performance grading remains unchanged from last year however.

P8 for English was +0.01, in maths the P8 score was +0.12 whilst for EBACC subjects the score was +0.15.

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

Progress for disadvantaged students fell slightly to -0.16 but was still above the national average score.

Key Performance Indicators

The Headteacher and Trustees recognise their responsibility under the Companies Act 2006 to disclose the principal risks and uncertainties that it faces. They acknowledge that its ability to perform its principal activity to 'provide a broad and balanced curriculum, with an emphasis on sports, to students of all abilities up to the age of 16' is reliant upon receiving the agreed public funding via the General Annual Grant (GAG). They acknowledge that planned expenditure levels cannot exceed known income now or in the future and they prepare detailed budget plans for the current year and ensure robust internal financial monitoring. They are cognisant of the fact that a high proportion of funding goes to meet the salary bill and any forces influencing rising costs. For the reporting year teachers' pay as a % of GAG was 70.6% (2016: 63.3%) and overall staffing costs including classroom support and administration support amounted to 85.3% (2016: 83.6%). The Academy Trust has a defined benefit pension deficit of £1,682,000 regarding the Local Government Pension Scheme for non-teaching staff.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 Going Concern policy.

FINANCIAL REVIEW

Financial Review

The Academy Trust receives the majority of its funding from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants paid on a monthly basis. The grants received during the financial year ending 31 August 2017 are shown as 'restricted funds' in the statement of financial activities.

The formula included £242,500 Private Finance Initiative (PFI) credit which is paid directly to Herefordshire Council on a monthly basis.

The balance of the PFI charges ('relevant proportion') is funded through the formula pupil led factors.

The school also benefits from a Devolved Formula Grant (£18,209 received in June 2017).

Revenue expenditure for the year ending 31 August 2017 amounted to £5,040,983 which was more than the total income budget (ESFA grant and other incoming resources). The excess of total revenue expenditure over revenue income, excluding defined benefit pension scheme adjustments, for the period was £121,758.

Reserves Policy

The Academy Trust has a Reserves Policy, in line with ESFA guidelines, to cover peaks and troughs in cash flow. It is currently working to a minimum value of £355,000 to cover the monthly salary bill, the monthly PFI recharges and non-domestic rates – this is considered to be the level of reserves needed to be held to maintain the operation of the Academy Trust at any one time.

Investment Policy

The Academy Trust has developed an Investment Policy that allows funds, identified as surplus to immediate requirements through cash flow monitoring, to be placed on short term no-risk deposit currently through Lloyds Bank. If funds should increase sufficiently to consider longer term investment the advice of a suitably qualified agent would be sought. The Academy Trust will always ensure that its current account has sufficient funds to meet the monthly known outgoings.

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

Principal Risks And Uncertainties

The principal risks are around future student numbers and future government funding. The Academy Trust aims to set a balanced budget within the GAG but recognises the need to hold reserves to balance out dips in student numbers.

The school enjoys a positive reputation with the community it serves and works hard to remain popular and oversubscribed.

The school recruited 189 students into Year 7 for September 2017 having agreed with Stepnell to an increase in the school's NOR from 900 to 945. This will be reviewed annually. It is the school's ambition to continue to consider ways of growing student numbers in response to demand.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue its relentless focus upon further improving students outcomes and ensuring that all groups of students make appropriate progress. The school's target is that all students make progress in line with the top 25% of schools nationally in order to transform their life chances.

The priorities in the School Development Plan for 2016 - 2017 were clearly focused on improving teaching, developing systems and ensuring the school is a calm and orderly place. To this end the school continues to focus on the professional development of its staff and making effective use of our appraisal policy to support and challenge where necessary.

The school is ambitious and seeks to work closely with other schools and organisations in order to become a model of best practice and to continue to serve its community effectively. Strong links already exist with the Hereteach alliance and the school is also a partner with the Stourport teaching alliance.

The school's designation as a sports college remains a central element in the school's activities, the school will continue to ensure that it provides a lead in the County for quality physical education and school sport.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 13 November 2017 and signed on the board's behalf by:



**M Hales
Chair of Trustees**

**WHITECROSS HEREFORD
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Whitecross Hereford 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 Trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Whitecross Hereford and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees 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 Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Hales, Chairman	6	6
A Douthwaite, Parent Trustee	6	6
D Goodall, Parent Trustee	0	1
R Hulse, Community Trustee	4	6
A Barnes, Community Trustee	0	2
T Rafiq, Parent Trustee	3	6
M Radnor, Staff Trustee	0	1
T Knapp, Head Teacher & Accounting Officer	6	6
J Woolley, Staff Trustee	4	5
C Thomas, Parent Trustee	5	6
T Pitcher, Staff Trustee	6	6
A Fitt, Community Trustee	0	2
N Wrigley, Parent Trustee	5	6
A Blackman, Vice Chair	6	6
S Keswick, Staff Trustee	5	5

Key changes in the Board of Trustees for 2016/17 are:

Appointment of Andrew Blackman as Deputy Chair of Governors, replacing Marc Hales upon his appointment as Chair of Governors.

The Board completed an annual skills audit to determine areas of strength and areas that might need further expertise. This resulted in the appointment of an additional Governor, a Financial Analyst, to enhance and support the Staff and Finance Sub Committee.

The Board have been fully supportive of the Academy throughout the last academic year by ensuring maximum attendance at academy functions and Governance meetings, supporting the recruitment of staff by being on interview panels, and providing constructive challenge as documented by Sub Committee minutes. The Board were all available to assist the Academy through its last OFSTED visit in March 2017, resulting in a 'GOOD' outcome. All Board members have also embraced Safeguarding at the Academy by completing the required statutory child protection modules on Educare, the Academy's online Safeguarding software.

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GOVERNANCE STATEMENT (continued)

In addition to the Board meetings, the Academy Trust has four Sub Committees that also met throughout the year.

Sub Committee Purposes:

Leadership and Management

The Leadership and Management Sub Committee are responsible for school review and setting of subcommittee work load. It reviews the School Development Plan and Self Evaluation Statement and ensures OFSTED readiness. Other areas covered within this subcommittee are the admissions Policy(7 years), Instruments and Articles of Governance, the contents of the Academy Prospectus and Website, target setting, maintenance of the Register of Interest, analysis of the staffing structure and overseeing and ratifying the Central Record of Recruitment and Vetting Checks.

Teaching, Learning and Curriculum Assessment Committee

The Teaching, Learning and Curriculum Assessment Sub Committee oversee the Curriculum, Classroom Expectations Policy, Assessment & Feedback Policy, Homework Policy, Collective Worship Policy, Sex Education Policy, Exam related protocols/guidance, Off-site Provision Policy and Y7 Literacy and Numeracy Catch up statement.

Personal Development, Behaviour and Welfare Committee

The Personal Development, Behaviour and Welfare Sub Committee are responsible for monitoring compliance with and the ratification of the Behaviour for Learning and exclusion Policy, Anti-bullying Policy, Safeguarding and Child Protection Policy, Attendance Policy, Special Educational Needs Policy, Off site Visits Policy, Uniform Policy and Students with Medical Conditions Policy. The Pupil Premium Strategy is also the responsibility of this sub committee.

Staff and Finance committee

The Finance and Staff Sub Committee ensure that Academy Business is conducted in line with the regulations set in the Academies Financial Handbook 2017. It is also responsible for the Charging and Remission Policy, maintenance and upkeep of the Emergency and Disaster Recovery Plan, compilation and maintenance of the Risk Register, Data Protection Policy (2 years) to include Publication of Information Scheme, Health and Safety, Access Plan, Record Retention Scheme, CCTV code of practice, Staff absence Policy, Grievance Policy, Complaints Policy, Allegations of Abuse Policy, Local Government Pensions Policy, Capability Policy, Equality Policy, Admissions Policy and Pay Policy.

Attendance at Leadership and Management meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Hales, Chairman	6	6
A Douthwaite	6	6
N Wrigley	5	6
W Davies	0	0
T Knapp	6	6

**WHITECROSS HEREFORD
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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher has responsibility for ensuring that the Academy 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 Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year as follows:

Improve educational results by:

- championing the principles of best value: challenge, compare, consult and compete and applying these when making decisions about the allocation, targeting and use of resources to promote the aim and values of the school and to improve the standards and quality of provision and best support the various educational needs of all students;
- reviewing the staffing structure and continuing a rigorous appraisal process;
- carefully analysing examination results to identify which students are at risk of under achievement and focussing resources to establish processes to address this;
- monitoring the progress of Pupil Premium students, ensuring funding is well targeted; and
- working in partnership with teacher training institutions to support the profession and aid recruitment.

Improve financial management by:

- reviewing the Finance Policy and Procedures documents;
- continuing to seek best prices from local suppliers;
- reviewing our photocopier lease agreement under a KCC government framework;
- continuance of a 'follow me' print solution to reduce print costs and paper wastage;
- reviewing our franking machine lease agreement under Pro5 framework agreement to reduce rental costs and benefit from a reduced 2nd class postage rate;
- continuance of ParentPay for school dinners and for school trips and events to reduce cash handling;
- working with the Hereford Bursars' group to secure best value on insurance procurement;
- reducing our staffing costs by reducing the amount of supply teacher cover; and
- reviewing staffing costs and making prudent savings wherever.

Improve income generation by:

- continuing to work with the Local Organising Committee for the Herefordshire School Games;
- providing Trinity Primary School with a specialist PE teacher for one day a week;
- securing a CCF (combine cadet force) bursary to enable us to continue to our involvement in running a cadet unit;
- securing a grant to support the Duke of Edinburgh Award scheme.

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 Academy 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 Whitecross Hereford for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

**WHITECROSS HEREFORD
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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The Academy'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 Trustees;
- 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 Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

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

- testing of accounting systems
- testing of income systems
- testing of payroll systems
- testing of purchase and fixed asset systems

On an annual basis, the auditors report to the Board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13 November 2017 and signed on their behalf, by:



M Hales
Chair of Trustees



T Knapp
Accounting Officer

**WHITECROSS HEREFORD
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



**T Knapp
Accounting Officer**

Date: 13 November 2017

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees (who act as governors of Whitecross Hereford and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Trustees and signed on its behalf by:



**M Hales
Chair of Trustees**

Date: 13 November 2017

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WHITECROSS HEREFORD**

OPINION

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

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WHITECROSS HEREFORD**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WHITECROSS HEREFORD**

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. The description forms part of our Auditor's report.



Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 15/12/17

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
WHITECROSS HEREFORD AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Whitecross Hereford during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Whitecross Hereford and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Whitecross Hereford 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 Whitecross Hereford and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF WHITECROSS HEREFORD'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Whitecross Hereford's funding agreement with the Secretary of State for Education dated 11 July 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls, policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
WHITECROSS HEREFORD AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

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



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 15/12/17

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	112,204	169,573	-	281,777	260,745
Charitable activities	3	-	4,614,838	18,229	4,633,067	4,656,461
Other trading activities	4	2,430	-	-	2,430	3,781
Investments	5	1,951	-	-	1,951	2,684
TOTAL INCOME		116,585	4,784,411	18,229	4,919,225	4,923,671
EXPENDITURE ON:						
Charitable activities		215,510	4,819,260	6,213	5,040,983	4,944,727
TOTAL EXPENDITURE	6	215,510	4,819,260	6,213	5,040,983	4,944,727
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(98,925)	(34,849)	12,016	(121,758)	(21,056)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	311,000	-	311,000	(597,000)
NET MOVEMENT IN FUNDS		(98,925)	276,151	12,016	189,242	(618,056)
RECONCILIATION OF FUNDS:						
Total funds brought forward		593,815	(1,909,260)	60,421	(1,255,024)	(636,968)
TOTAL FUNDS CARRIED FORWARD		494,890	(1,633,109)	72,437	(1,065,782)	(1,255,024)

The notes on pages 21 to 39 form part of these financial statements.

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07793019

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		35,948		42,161
CURRENT ASSETS					
Debtors	14	107,043		88,576	
Cash at bank and in hand		916,724		743,210	
		<u>1,023,767</u>		<u>831,786</u>	
CREDITORS: amounts falling due within one year	15	<u>(443,497)</u>		<u>(210,971)</u>	
NET CURRENT ASSETS			580,270		620,815
TOTAL ASSETS LESS CURRENT LIABILITIES			616,218		662,976
Defined benefit pension scheme liability	21		<u>(1,682,000)</u>		<u>(1,918,000)</u>
NET LIABILITIES			<u>(1,065,782)</u>		<u>(1,255,024)</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	17	48,891		8,740	
Fixed asset funds	17	72,437		60,421	
		<u>121,328</u>		<u>69,161</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(1,682,000)</u>		<u>(1,918,000)</u>	
Total restricted funds			<u>(1,560,672)</u>		<u>(1,848,839)</u>
Unrestricted funds	17		494,890		593,815
TOTAL DEFICIT			<u>(1,065,782)</u>		<u>(1,255,024)</u>

The financial statements on pages 18 to 39 were approved by the Trustees, and authorised for issue, on 13 November 2017 and are signed on their behalf, by:



M Hales
Chair of Trustees



T Knapp
Accounting Officer

The notes on pages 21 to 39 form part of these financial statements.

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	153,334	(56,720)
Cash flows from investing activities:			
Interest received		1,951	2,684
Purchase of tangible fixed assets		-	(16,990)
Capital grants from DfE/ESFA		18,229	18,050
Net cash provided by investing activities		20,180	3,744
Change in cash and cash equivalents in the year		173,514	(52,976)
Cash and cash equivalents brought forward		743,210	796,186
Cash and cash equivalents carried forward	20	916,724	743,210

The notes on pages 21 to 39 form part of these financial statements.

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

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, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Whitecross Hereford constitutes a public benefit entity as defined by FRS 102.

1.2 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 and include grants from the Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.3 INCOME

All income is recognised once the Academy 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 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 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.

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.

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

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 support costs. Direct costs attributable to a single activity are allocated directly to that activity. Support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Depreciation charges allocated on the portion of the asset's use.

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

Expenditure on raising funds includes all expenditure incurred by the Whitecross Hereford High School to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities are costs incurred on Whitecross Hereford High School's educational operations, including support costs and costs relating to the governance of Whitecross Hereford High School apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 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 Academy 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.

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 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 and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, 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:

Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% 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.

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 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.

1.9 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.

1.10 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 Academy 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.

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.11 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 14. 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 15. 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.

1.12 TAXATION

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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.

1.13 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 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.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses in the Statement of financial activities.

**WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)**

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

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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other donations	112,204	-	-	112,204	125,709
School fund	-	169,573	-	169,573	135,036
	<u>112,204</u>	<u>169,573</u>	<u>-</u>	<u>281,777</u>	<u>260,745</u>
<i>Total 2016</i>	<u>125,709</u>	<u>135,036</u>	<u>-</u>	<u>260,745</u>	

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
Capital Grants	-	18,229	18,229	18,050
General Annual Grant	-	4,401,519	4,401,519	4,412,169
Other DfE/EFA grants	-	195,245	195,245	187,715
Other government grants non capital	-	18,074	18,074	38,527
	-	4,633,067	4,633,067	4,656,461
<i>Total 2016</i>	-	4,656,461	4,656,461	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	2,430	-	2,430	3,781
<i>Total 2016</i>	3,781	-	3,781	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,951	-	1,951	2,684
<i>Total 2016</i>	2,684	-	2,684	

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Education:					
Direct costs	3,424,695	6,213	438,672	3,869,580	3,807,554
Support costs	342,794	596,370	232,239	1,171,403	1,137,173
	<u>3,767,489</u>	<u>602,583</u>	<u>670,911</u>	<u>5,040,983</u>	<u>4,944,727</u>
<i>Total 2016</i>	<u>3,643,933</u>	<u>514,230</u>	<u>786,564</u>	<u>4,944,727</u>	

7. DIRECT COSTS

	Total 2017 £	Total 2016 £
Pension finance costs	38,000	47,000
Educational supplies	125,445	170,863
Examination fees	58,886	57,241
Staff development	13,238	8,098
Other costs	199,729	203,904
Technology costs	3,374	2,939
Wages and salaries	2,722,968	2,685,374
National insurance	261,349	225,140
Pension cost	440,378	399,484
Depreciation	6,213	7,511
	<u>3,869,580</u>	<u>3,807,554</u>
<i>Total 2016</i>	<u>3,807,554</u>	

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

8. SUPPORT COSTS

	Total 2017 £	Total 2016 £
Other costs	76,936	106,520
Recruitment and support	3,917	5,066
Maintenance of premises and equipment	16,270	12,746
Cleaning	48,525	45,365
Rent and rates	37,728	36,800
Energy costs	29,526	30,964
Insurance	15,388	15,748
Security and transport	8,028	6,529
Catering	33,512	35,020
Technology costs	82,981	71,851
Legal and professional	22	-
PFI Costs	464,321	426,209
Governance	11,455	10,420
Wages and salaries	211,910	226,020
National insurance	15,179	13,618
Pension cost	115,705	94,297
	1,171,403	1,137,173
<i>Total 2016</i>	1,137,173	

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the Academy Trust	6,213	7,511
Auditors' remuneration - audit	9,965	7,900
Auditors' remuneration - other services	1,830	1,330
PFI costs	464,321	426,209
Operating lease rentals	65,092	51,080

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,921,968	2,886,017
Social security costs	276,528	238,758
Pension costs	556,083	493,781
	<u>3,754,579</u>	<u>3,618,556</u>
Agency Staff	12,910	25,377
	<u>3,767,489</u>	<u>3,643,933</u>

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

	2017 No.	2016 No.
Teachers	56	53
Administration and Support	47	50
Management	5	4
	<u>108</u>	<u>107</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team, as detailed 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 £433,104 (2016: £439,218).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 10 has not been included in the total benefits received by key management personnel above.

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FOR THE YEAR ENDED 31 AUGUST 2017

11. TRUSTEES' REMUNERATION AND EXPENSES

The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration in the year was as follows; T Knapp: remuneration £75,000-£80,000 (2016: £70,000-£75,000), employer's pension contributions £10,000-£15,000 (2016: £10,000-£15,000); S Keswick: remuneration £15,000-£20,000 (2016: £NIL), employer's pension contributions £0-£5,000 (2016: £NIL); J Woolley: remuneration £20,000-£25,000 (2016: £NIL), employer's pension contributions £0-£5,000 (2016: £NIL); M Radnor: remuneration £NIL (2016: £40,000-£45,000), employer's pension contributions £NIL (2016: £5,000-£10,000); D Goodall: remuneration £NIL (2016: £20,000-£25,000), employer's pension contributions £NIL (2016: £NIL); T Pitcher: remuneration £30,000-£35,000 (2016: £25,000-£30,000), employer's pension contributions £5,000-£10,000 (2016: £0-£5,000).

During the year, no Trustee received any benefits in kind (2016: £NIL).

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

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £15,338 (2016: £1,016).

13. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings £	Total £
COST			
At 1 September 2016 and 31 August 2017	27,690	28,904	56,594
DEPRECIATION			
At 1 September 2016	12,114	2,319	14,433
Charge for the year	3,894	2,319	6,213
At 31 August 2017	16,008	4,638	20,646
NET BOOK VALUE			
At 31 August 2017	11,682	24,266	35,948
At 31 August 2016	15,576	26,585	42,161

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

14. DEBTORS

	2017 £	2016 £
Trade debtors	5,750	3,435
VAT recoverable	18,699	12,283
Prepayments and accrued income	82,594	72,858
	<u>107,043</u>	<u>88,576</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	2,891	724
Other taxation and social security	69,992	70,364
Other creditors	60,003	58,189
Accruals and deferred income	310,611	81,694
	<u>443,497</u>	<u>210,971</u>

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	57,978	82,693
Resources deferred during the year	53,151	57,978
Amounts released from previous years	(57,978)	(82,693)
Deferred income at 31 August 2017	<u>53,151</u>	<u>57,978</u>

At the year end, £10,662 has been deferred in respect of Devolved Formula Capital income, £8,704 in respect of Year 7 Catch Up Pupil Premium, £18,592 in relation to ESFA Rates Credit, £13,883 has been deferred in respect of the Sports Games Organiser received in advance, and £1,350 in respect of Refugee Funding.

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

16. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	916,724	743,210
Financial assets measured at amortised cost	39,179	88,576
	<u>955,903</u>	<u>831,786</u>
Financial liabilities measured at amortised cost	<u>320,354</u>	<u>210,971</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

17. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS					
General funds	593,815	116,585	(215,510)	-	494,890
RESTRICTED FUNDS					
General Annual Grant	-	4,401,519	(4,401,519)	-	-
Pupil Premium	-	195,245	(195,245)	-	-
High needs funding	-	18,074	(18,074)	-	-
Educational trips	8,740	169,573	(129,422)	-	48,891
Pension reserve	(1,918,000)	-	(75,000)	311,000	(1,682,000)
	<u>(1,909,260)</u>	<u>4,784,411</u>	<u>(4,819,260)</u>	<u>311,000</u>	<u>(1,633,109)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE/ESFA Capital grants	55,168	18,179	(5,466)	-	67,881
Other Capital Grants	5,253	50	(747)	-	4,556
	<u>60,421</u>	<u>18,229</u>	<u>(6,213)</u>	<u>-</u>	<u>72,437</u>
Total restricted funds	<u>(1,848,839)</u>	<u>4,802,640</u>	<u>(4,825,473)</u>	<u>311,000</u>	<u>(1,560,672)</u>
Total of funds	<u>(1,255,024)</u>	<u>4,919,225</u>	<u>(5,040,983)</u>	<u>311,000</u>	<u>(1,065,782)</u>

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS					
General funds	605,150	132,174	(143,509)	-	593,815
	<u>605,150</u>	<u>132,174</u>	<u>(143,509)</u>	<u>-</u>	<u>593,815</u>
RESTRICTED FUNDS					
General Annual Grant	-	4,412,169	(4,412,169)	-	-
Pupil Premium	-	187,715	(187,715)	-	-
High needs funding	-	38,527	(38,527)	-	-
Educational trips	-	135,036	(126,296)	-	8,740
Pension reserve	(1,292,000)	-	(29,000)	(597,000)	(1,918,000)
	<u>(1,292,000)</u>	<u>4,773,447</u>	<u>(4,793,707)</u>	<u>(597,000)</u>	<u>(1,909,260)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE/ESFA Capital grants	43,882	18,050	(6,764)	-	55,168
Other Capital Grants	6,000	-	(747)	-	5,253
	<u>49,882</u>	<u>18,050</u>	<u>(7,511)</u>	<u>-</u>	<u>60,421</u>
Total restricted funds	<u>(1,242,118)</u>	<u>4,791,497</u>	<u>(4,801,218)</u>	<u>(597,000)</u>	<u>(1,848,839)</u>
Total of funds	<u>(636,968)</u>	<u>4,923,671</u>	<u>(4,944,727)</u>	<u>(597,000)</u>	<u>(1,255,024)</u>

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

RESTRICTED FUNDS:

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Pupil Premium - Pupil Premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

Educational trips - This represents funding received for specific educational trips.

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which were inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS:

Devolved Formula Capital funding - This represents funding from the ESFA to cover the maintenance and purchase of the Academy's fixed assets.

Other Capital grants - This represents capital grants received for specific capital projects.

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	35,948	35,948
Current assets	499,882	498,018	25,867	1,023,767
Creditors due within one year	-	(432,875)	(10,622)	(443,497)
Pension scheme liability	-	(1,682,000)	-	(1,682,000)
	<u>494,890</u>	<u>(1,633,109)</u>	<u>72,437</u>	<u>(1,065,782)</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	42,161	42,161
Current assets	724,948	88,578	18,260	831,786
Creditors due within one year	(131,133)	(79,838)	-	(210,971)
Pension scheme liability	-	(1,918,000)	-	(1,918,000)
	<u>593,815</u>	<u>(1,909,260)</u>	<u>60,421</u>	<u>(1,255,024)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(121,758)	(21,056)
Adjustment for:		
Depreciation charges	6,213	7,511
Interest received	(1,951)	(2,684)
Capital grants from DfE/ESFA	(18,229)	(18,050)
(Increase)/decrease in debtors	(18,467)	18,053
Increase/(decrease) in creditors	232,526	(69,494)
Defined benefit pension scheme contributions payable	35,000	(18,000)
Defined benefit pension scheme cost less finance costs	40,000	47,000
Net cash provided by/(used in) operating activities	153,334	(56,720)

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	916,724	743,210
	916,724	743,210

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 Worcestershire 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 £59,690 were payable to the schemes at 31 August 2017 (2016: £57,872) 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £362,427 (2016: £356,259).

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).

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 2017 was £187,000 (2016: £186,000), of which employer's contributions totalled £156,000 (2016: £155,000) and employees' contributions totalled £31,000 (2016: £31,000). The agreed contribution rates for future years are 17.5% for employers and 5.7% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.90 %

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

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:

	2017	2016
Retiring today		
Males	22.6	23.5
Females	25.6	25.9
Retiring in 20 years		
Males	24.8	25.8
Females	27.9	28.2

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,248,000	890,000
Property	55,000	48,000
Cash and other liquid assets	19,000	25,000
Other	52,000	37,000
Other bonds	75,000	67,000
Total market value of assets	<u>1,449,000</u>	<u>1,067,000</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(193,000)	(137,000)
Interest income	24,000	32,000
Interest cost	(62,000)	(79,000)
Total	<u>(231,000)</u>	<u>(184,000)</u>
Actual return on scheme assets	<u>176,000</u>	<u>163,000</u>

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21. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	2,985,000	2,021,000
Current service cost	193,000	137,000
Interest cost	60,000	77,000
Employee contributions	31,000	31,000
Actuarial (gains)/losses	(64,000)	728,000
Benefits paid	(74,000)	(9,000)
Closing defined benefit obligation	3,131,000	2,985,000

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

	2017 £	2016 £
Opening fair value of scheme assets	1,067,000	729,000
Return on plan assets (excluding net interest on the net defined pension liability)	24,000	32,000
Actuarial losses	247,000	131,000
Employer contributions	156,000	155,000
Employee contributions	31,000	31,000
Benefits paid	(74,000)	(9,000)
Administration fees	(2,000)	(2,000)
Closing fair value of scheme assets	1,449,000	1,067,000

22. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	459,127	459,129
Between 1 and 5 years	1,784,381	1,803,909
After more than 5 years	3,956,497	4,395,980
Total	6,200,005	6,659,018

Included within the operating lease commitments above is an amount of £6,154,373 related to the PFI costs (2016 £6,593,971).

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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.

24. RELATED PARTY TRANSACTIONS

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

Mrs F Wrigley, wife of Dr N Wrigley, a Trustee, is employed as a Higher Level Teaching Assistant. Mrs Wrigley's appointment was made in open competition and Dr Wrigley was not involved in the decision making process. Mrs Wrigley is paid within the normal pay scales for her role and receives no special treatment as a result of her relationship with Dr Wrigley.

25. GENERAL INFORMATION

Whitecross Hereford is a company limited by guarantee, incorporated in England and Wales. The registered office is Three Elms Road, Hereford, Herefordshire, HR4 0RN.