

Company Registration Number: 07793019 (England & Wales)

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



 **Bishop Fleming**
Chartered Accountants

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

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

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

Members	M Hales A Douthwaite A Blackman
Trustees	M Hales, Chairman A Douthwaite, Parent Trustee R Hulse, Community Trustee T Rafiq, Parent Trustee (resigned 1 November 2017) T Knapp, Head Teacher & Accounting Officer J Woolley, Staff Trustee C Thomas, Parent Trustee T Pitcher, Staff Trustee A Fitt, Community Trustee N Wrigley, Parent Trustee A Blackman, Vice Chair S Keswick, Staff Trustee O Evans, Trustee (appointed 6 September 2017) J Milsom, Parent Trustee (appointed 8 January 2018)
Company registered number	07793019
Company name	Whitecross Hereford
Principal and registered office	Three Elms Road Hereford Herefordshire HR4 0RN
Company secretary	S Lusted
Accounting Officer	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 1-3 College Yard Worcester WR1 2LB
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
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. 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 in Hereford city. It has a pupil capacity of 945 and had a roll of 899 in the school census on 1 May 2018.

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 are also the directors of the charitable company for the purposes 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.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£	
Total cost of facility time	-	
Total pay bill	-	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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**WHITECROSS HEREFORD
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

Principal Activities

As defined in the Funding Agreement and Articles of Association the Academy Trust will provide a broad and balanced curriculum, with an emphasis on sports, to students of all abilities up to the age of 16.

It will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community.

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. The Academy Trust also has a service level agreement with a provider of training and support recommended by the Herefordshire Governors' Association.

Organisational Structure

The Senior Leadership Team (SLT) 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

Details of their areas of responsibility and the senior member of staff who support them are given below (as at September 2017):

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

Committee	Leadership support	Policies / Responsibilities	Evidence
<p>Governor and SLT Briefing - Outcomes</p> <p>Chair: Chair of Governors: Marc Hales</p> <p>Members: Chairs of Committees</p>	<p>Tim Knapp and others as required</p>	<p>School Review and setting of subcommittee work load</p> <p>Review of School Development Plan and Self Evaluation Statement</p> <p>Ofsted Readiness</p> <p>Admissions (7 years); Instruments and Articles of Governance;</p> <p>Prospectus/ Website;</p> <p>Target Setting;</p> <p>Register of Interest;</p> <p>Staffing Structure;</p> <p>Central record of recruitment and vetting checks;</p> <p>Health and Safety.</p>	<p>GCSE analysis;</p> <p>Student performance updates;</p> <p>School Development Plan;</p> <p>Self-Evaluation Form</p> <p>External Audit Report;</p> <p>Trustees Report;</p> <p>Staffing structure including TLR allowances;</p> <p>Staff absence;</p> <p>Staff turnover;</p> <p>Performance Management (appraisal, progression, absence, conduct, performance);</p> <p>Single Central Record;</p> <p>CPD.</p>

Committee	Leadership Support	Policies / Responsibilities	Evidence
<p>Teaching, Learning, Curriculum and Assessment</p> <p>Chair: Andy Douthwaite</p> <p>Members: Joanne Woolley Tim Pitcher Marc Hales</p>	<p>Mark Desborough</p>	<p>Curriculum;</p> <p>Classroom Expectations Policy;</p> <p>Assessment & Feedback Policy;</p> <p>Homework Policy;</p> <p>Collective Worship Policy;</p> <p>Sex Education Policy;</p> <p>Exam related protocols/guidance;</p> <p>Off-site Provision Policy;</p> <p>Y7 Literacy and Numeacy Catch up statement.</p>	<p>Analysis of Lesson observations;</p> <p>Feedback from student voice (meetings with Head);</p> <p>Parent / Student Survey;</p> <p>Students educated off site and performance;</p> <p>NEET figures.</p>

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

<p>Personal Development, Behaviour and Welfare</p> <p>Chair: Charlotte Thomas</p> <p>Members: Julie Milsom, Ruth Hulse Sue Keswick</p>	<p>Rob Patterson</p>	<p>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; Students with Medical Conditions Policy; Pupil Premium Strategy.</p>	<p>C3/ C4 and exclusion data; Attendance and absence data; Numbers on roll and variations; Reported incidents – bullying and racial; Parent / Student Survey; Pupil Premium usage; Services Premium usage; Catch up Premium usage.</p>
<p>Staff and Finance</p> <p>Chair: Nigel Wrigley</p> <p>Members: Andrew Blackman Alistair Fitt Marc Hales</p>	<p>Tim Knapp & Sue Lusted</p>	<p>Financial Handbook; Charging and Remission Policy; Emergency and Disaster Recovery Plan; GDPR; Data Protection Policy (2 years) to include Publication of information scheme; Health and Safety Policy; Risk Register; 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; Pay Policy; Charging and Remissions Policy; Equality Policy; Admissions Policy; Single Central Register.</p>	<p>Budget monitoring; Disposal of assets; Best Value; PFI Contract; H&S report from external reviewer; Responsible Officer report; Spending of Pupil Premium and Catch Up Premium.</p>

The Head Teacher is the Accounting Officer.

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

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 and also is a member of 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 Sports College working in partnership with the Youth Sport Trust as a gold, premier member. The Headteacher 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.

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.

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

Objectives, Strategies and Activities

Our priorities as detailed in our School Development Plan are:

- To dramatically improve the impact of developing practice in the classroom
- To make developing leaders a priority
- To develop our curriculum
- To use our data more effectively to secure improvement in students' progress
- Attendance - to implement improved focus on attendance in academies and to reduce absence for disadvantaged students and those with SEN

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

Outcomes in 2018 were positive with the school's P8 result of +0.08 showing students on average performing slightly better than their peers nationally.

Outcomes in English dipped this year and the school is working hard to address this. Attainment in the basics (%4-9) fell this year to 58.8% - in part due to a cohort with lower starting points. Attainment in English (%5-9) was 50.7% down on a 60% target. Attainment in maths (%5-9) was 41.2% down on a target of 48.3%. Outcomes for vulnerable groups saw a dip in the performance of disadvantaged students whose P8 score is projected to be -0.34, slightly above the 2017 national figure of -0.4.

There were real strengths in other areas of the curriculum with both the EBACC and Open Elements recording a positive P8 score.

The school is focussing its work on addressing concerns in English, tackling the underperformance of boys and ensuring that our prediction data gives an accurate assessment of the school's work.

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 60.3% (2017: 61.8%) and overall staffing costs including classroom support and administration support amounted to 83.5% (2017: 85.3%). The Academy Trust has a defined benefit pension deficit of £1,445k 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.

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

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 2018 are shown as 'restricted funds' in the statement of financial activities.

The formula included £267,500 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 (£18,373 received in June 2018).

Revenue expenditure for the year ending 31 August 2018 amounted to £5,156,009 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 £125,401.

Financial and Risk Management Objectives and Policies

Since conversion to academy status, the school has completed a thorough review of financial and risk management policies, practices and procedures. The school has employed the services of a Responsible Officer through Bishop Fleming to review financial control. Three visits occurred over the course of 2017-18. There was nothing of any significance to report.

The Staff and Finance Committee works to agreed Terms of Reference which includes consideration and recommendation of the annual budget to full board and incorporates an annual review of financial policy and procedures.

The Trustees and Senior Leadership Team have assessed the major risks to which the school is exposed.

The school has considered risks relating to specific teaching, provision of facilities and other operational areas of the school and its finances.

The Trustees and Headteacher completed a self-assessment of financial management and governance (FMGS) in April 2013. Confirmation that we had completed our Action Plan was made to the ESFA in September 2014.

The Academy Trust has adequate insurance through Zurich Municipal to mitigate other financial risks.

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 £375,000 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. During the period September 2017 to August 2018 put £333,083 on a 32-day Deposit Account earning £1,730 interest.

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 2018**

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 2018 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.

FUNDRAISING

Fundraising is very low level and predominantly for supporting local charities chosen by the students and also to support School Fund and the Student Prom. No fundraising occurs to supplement the Academy GAG from ESFA. There have been no complaints received in 2017-18. All fundraising involving students is overseen by a responsible staff member and only occurs with parental consent.

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 2017 – 2018 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. 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, was approved by order of the Board of Trustees, as company directors, on 13.10.2018 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
R Hulse, Community Trustee	4	6
T Rafiq, Parent Trustee	1	6
T Knapp, Head Teacher & Accounting Officer	6	6
J Woolley, Staff Trustee	6	6
C Thomas, Parent Trustee	3	6
T Pitcher, Staff Trustee	5	6
A Fitt, Community Trustee	1	6
N Wrigley, Parent Trustee	5	6
A Blackman, Vice Chair	5	6
S Keswick, Staff Trustee	6	6
O Evans, Trustee	3	6
J Milsom, Parent Trustee	4	4

A skills audit (self-evaluation) was undertaken and reviewed in Spring Term 2018 to gauge the breadth of experience of the Board of Trustees; this helped inform the recruitment of new governors during the year. The exercise will be repeated in Spring Term 2019.

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

Attendance at meetings in the year was as follows:

Senior Leadership and Management Committee

Trustee	Meetings attended	Out of a possible
M Hales (Chairman)	5	5
A Douthwaite	5	5
N Wrigley	2	5
C Thomas	2	5
T Knapp	5	5

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GOVERNANCE STATEMENT (continued)

Teaching, Learning and Curriculum Assessment Committee

Trustee	Meetings attended	Out of a possible
J Woolley	2	4
M Hales	4	4
A Douthwaite (Chair)	4	4
T Pitcher	4	4

Personal Development, Behaviour and Welfare Committee

Trustee	Meetings attended	Out of a possible
Charlotte Thomas (Chair)	4	4
Ruth Hulse	3	4
O Evans	3	4
J Milsom	2	2
Sue Keswick	3	4

Staff and Finance Committee

Trustee	Meetings attended	Out of a possible
M Hales	6	7
T Knapp	7	7
N Wrigley	4	7
A Blackman	7	7
A Fitt	5	7

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 by:

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;
- working in partnership with teacher training institutions to support the profession and aid recruitment.

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GOVERNANCE STATEMENT (continued)

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;
- reviewing staffing costs and making prudent savings wherever possible.

Improve income generation by:

- continuing to work with the Local Organising Committee for the Herefordshire School Games;
- 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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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'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 external auditors report to the Board of Trustees through the staff and finance committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

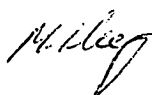
REVIEW OF EFFECTIVENESS

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 Staff and Finance 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 15/10/18 and signed on their behalf, by:



M Hales
Chair of Trustees



T Knapp
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Whitecross Hereford I have considered my responsibility to notify the Academy Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2017.

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

T. Knapp
T Knapp
Accounting Officer
15/10/18

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

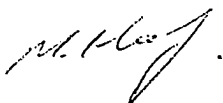
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**M Hales
Chair of Trustees**

Date: 5/11/18.

**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 (the 'Academy') for the year ended 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

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

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *14th December 2018*

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

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

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Whitecross Hereford during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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.

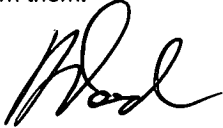
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
WHITECROSS HEREFORD AND THE EDUCATION & 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: *14th December 2018*

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	41,045	129,611	-	170,656	281,777
Charitable activities	3	-	4,836,538	18,673	4,855,211	4,633,067
Other trading activities	4	3,916	-	-	3,916	2,430
Investments	5	825	-	-	825	1,951
TOTAL INCOME		45,786	4,966,149	18,673	5,030,608	4,919,225
EXPENDITURE ON:						
Charitable activities		27,576	5,123,056	5,377	5,156,009	5,040,983
TOTAL EXPENDITURE	6	27,576	5,123,056	5,377	5,156,009	5,040,983
NET BEFORE TRANSFERS		18,210	(156,907)	13,296	(125,401)	(121,758)
Transfers between Funds	17	(41,598)	41,598	-	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(23,388)	(115,309)	13,296	(125,401)	(121,758)
Actuarial gains on defined benefit pension schemes	21	322,000	-	-	322,000	311,000
NET MOVEMENT IN FUNDS		298,612	(115,309)	13,296	196,599	189,242
RECONCILIATION OF FUNDS:						
Total funds brought forward		494,890	(1,633,109)	72,437	(1,065,782)	(1,255,024)
TOTAL FUNDS CARRIED FORWARD		793,502	(1,748,418)	85,733	(869,183)	(1,065,782)


The notes on pages 24 to 42 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		36,878		35,948
CURRENT ASSETS					
Debtors	14	137,695		107,043	
Cash at bank and in hand		783,316		916,724	
		<u>921,011</u>		<u>1,023,767</u>	
CREDITORS: amounts falling due within one year	15	(382,072)		(443,497)	
NET CURRENT ASSETS			538,939		580,270
TOTAL ASSETS LESS CURRENT LIABILITIES			575,817		616,218
Defined benefit pension scheme liability	21		(1,445,000)		(1,682,000)
NET ASSETS			(869,183)		(1,065,782)
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	17	18,582		48,891	
Fixed asset funds	17	85,733		72,437	
		<u>104,315</u>		<u>121,328</u>	
Restricted funds excluding pension liability					
Pension reserve		(1,445,000)		(1,682,000)	
Total restricted funds			(1,340,685)		(1,560,672)
Unrestricted funds	17		471,502		494,890
TOTAL DEFICIT			(869,183)		(1,065,782)

The financial statements on the following pages were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:



M Hales
Chair of Trustees

5/11/18



T Knapp
Accounting Officer

15/10/18

The notes on pages 24 to 42 form part of these financial statements.

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

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

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(146,599)	153,334
Cash flows from investing activities:			
Interest received		825	1,951
Purchase of tangible fixed assets		(6,307)	-
Capital grants from DfE Group		18,673	18,229
Net cash provided by investing activities		13,191	20,180
Change in cash and cash equivalents in the year		(133,408)	173,514
Cash and cash equivalents brought forward		916,724	743,210
Cash and cash equivalents carried forward	20	783,316	916,724

The notes on pages 24 to 42 form part of these financial statements.

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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/donor and include grants from the Department for Education Group.

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 2018

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 2018

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:

Furniture and fixtures	- 10% straight line
Motor vehicles	- 25% reducing balance

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.

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 2018**

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 2018

1. ACCOUNTING POLICIES (continued)

1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other donations	41,045	-	-	41,045	112,204
School fund	-	129,611	-	129,611	169,573
	<u>41,045</u>	<u>129,611</u>	<u>-</u>	<u>170,656</u>	<u>281,777</u>
Total 2017	<u>112,204</u>	<u>169,573</u>	<u>-</u>	<u>281,777</u>	

WHITECROSS HEREFORD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	4,562,666	4,562,666	4,401,519
Other DfE Group grants	-	238,834	238,834	195,245
Other Government grants	-	35,038	35,038	18,074
Other government grants: capital	-	18,673	18,673	18,229
	-	4,855,211	4,855,211	4,633,067
Total 2017	-	4,633,067	4,633,067	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	3,916	-	3,916	2,430
Total 2017	2,430	-	2,430	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	825	-	825	1,951
Total 2017	1,951	-	1,951	

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6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	3,454,585	5,377	489,058	3,949,020	3,855,140
Support costs	357,030	603,526	246,433	1,206,989	1,185,843
	<u>3,811,615</u>	<u>608,903</u>	<u>735,491</u>	<u>5,156,009</u>	<u>5,040,983</u>
Total 2017	<u>3,767,489</u>	<u>602,583</u>	<u>670,911</u>	<u>5,040,983</u>	

7. DIRECT COSTS

	Total 2017 £	Total 2017 £
Pension finance costs	27,200	23,560
Educational supplies	123,717	125,445
Examination fees	58,844	58,886
Staff development	8,636	13,238
Other costs	91,957	69,767
School fund expenditure	177,975	129,422
Technology costs	729	3,914
Wages and salaries	2,750,030	2,722,968
National insurance	257,980	261,349
Pension cost	446,575	440,378
Depreciation	5,377	6,213
	<u>3,949,020</u>	<u>3,855,140</u>
Total 2017	<u>3,855,140</u>	

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8. SUPPORT COSTS

	Total 2017 £	Total 2017 £
Pension finance costs	12,800	14,440
Other costs	19,638	32,593
Recruitment and support	17,391	22,477
Maintenance of premises and equipment	13,047	16,270
Rent and rates	38,890	37,047
Energy costs	39,051	29,526
Insurance	17,696	15,388
Security and transport	6,089	8,028
Catering	37,675	33,512
Technology costs	51,797	63,941
Office overheads	20,698	18,538
Legal and professional	22,039	4,732
PFI Costs	512,538	512,846
Educational Consultancy	25,435	22,256
Governance	15,175	11,455
Wages and salaries	220,790	211,910
National insurance	19,249	15,179
Pension cost	116,991	115,705
	<u>1,206,989</u>	<u>1,185,843</u>
	<u>1,206,989</u>	<u>1,185,843</u>
Total 2017	<u>1,185,843</u>	

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Academy Trust	5,377	6,213
Auditors' remuneration - audit	10,200	9,965
Auditors' remuneration - other services	3,830	1,830
PFI costs	512,538	512,846
Operating lease rentals	33,166	65,092
	<u>565,101</u>	<u>606,946</u>

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10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,804,349	2,915,878
Social security costs	277,229	276,528
Pension costs	563,566	556,083
	<u>3,645,144</u>	<u>3,748,489</u>
Agency staff costs	166,471	19,000
	<u>3,811,615</u>	<u>3,767,489</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	49	56
Educational support	56	56
Administrative and clerical	12	14
Management	5	5
	<u>122</u>	<u>131</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

d. Key management personnel

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 £373,204 (2017: £433,104).

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 11 has not been included in the total benefits received by key management personnel above.

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FOR THE YEAR ENDED 31 AUGUST 2018

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 £80,000-£85,000 (2017: £75,000-£80,000), employer's pension contributions £10,000-£15,000 (2017: £10,000-£15,000); S Keswick: remuneration £15,000-£20,000 (2017: £15,000-£20,000), employer's pension contributions £0-£5,000 (2017: £0-£5,000); J Woolley: remuneration £25,000-£30,000 (2017: £20,000-£25,000), employer's pension contributions £0-£5,000 (2017: £0-£5,000); T Pitcher: remuneration £35,000-£40,000 (2017: £30,000-£35,000), employer's pension contributions £5,000-£10,000 (2017: £5,000-£10,000).

During the year, no Trustees received any benefits in kind (2017: £NIL).

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

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy 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 2018 was £17,696 (2017: £15,338).

13. TANGIBLE FIXED ASSETS

	Furniture and fixtures £	Motor vehicles £	Total £
COST			
At 1 September 2017	28,904	27,690	56,594
Additions	6,307	-	6,307
At 31 August 2018	35,211	27,690	62,901
DEPRECIATION			
At 1 September 2017	4,638	16,008	20,646
Charge for the year	2,457	2,920	5,377
At 31 August 2018	7,095	18,928	26,023
NET BOOK VALUE			
At 31 August 2018	28,116	8,762	36,878
At 31 August 2017	24,266	11,682	35,948

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FOR THE YEAR ENDED 31 AUGUST 2018

14. DEBTORS

	2018 £	2017 £
Trade debtors	20,790	5,750
VAT recoverable	35,984	18,699
Prepayments and accrued income	80,921	82,594
	<u>137,695</u>	<u>107,043</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	-	2,891
Other taxation and social security	64,975	69,992
Other creditors	56,316	60,003
Accruals and deferred income	260,781	310,611
	<u>382,072</u>	<u>443,497</u>

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	53,151	57,978
Resources deferred during the year	143,517	53,151
Amounts released from previous years	(53,151)	(57,978)
Deferred income at 31 August 2018	<u>143,517</u>	<u>53,151</u>

At the year end, £10,845 has been deferred in respect of Devolved Formula Capital income, £8,704 in respect of Year 7 Catch Up Pupil Premium, £15,229 in relation to ESFA Rates Credit, £72,468 has been deferred in respect of the Sports Games Organiser received in advance, £3,526 in relation to NCOP Careers Funding, £8,036 in relation to training, £6,126 in relation to SFSF Projects, and £18,582 in relation to trips.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	783,316	916,724
Financial assets measured at amortised cost	57,208	39,179
	<u>840,524</u>	<u>955,903</u>
Financial liabilities measured at amortised cost	<u>199,832</u>	<u>320,354</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 £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	494,890	45,786	(27,576)	(41,598)	-	471,502
RESTRICTED FUNDS						
General Annual Grant	-	4,562,666	(4,604,264)	41,598	-	-
Pupil Premium	-	197,954	(197,954)	-	-	-
High needs funding	-	52,118	(52,118)	-	-	-
Educational trips	48,891	129,611	(159,920)	-	-	18,582
PE & Sports Grant	-	23,800	(23,800)	-	-	-
Pension reserve	(1,682,000)	-	(85,000)	-	322,000	(1,445,000)
	<u>(1,633,109)</u>	<u>4,966,149</u>	<u>(5,123,056)</u>	<u>41,598</u>	<u>322,000</u>	<u>(1,426,418)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA Capital grants	67,881	18,673	(5,377)	-	-	81,177
Other Capital Grants	4,556	-	-	-	-	4,556
	<u>72,437</u>	<u>18,673</u>	<u>(5,377)</u>	<u>-</u>	<u>-</u>	<u>85,733</u>
Total restricted funds	<u>(1,560,672)</u>	<u>4,984,822</u>	<u>(5,128,433)</u>	<u>41,598</u>	<u>322,000</u>	<u>(1,340,685)</u>
Total of funds	<u>(1,065,782)</u>	<u>5,030,608</u>	<u>(5,156,009)</u>	<u>-</u>	<u>322,000</u>	<u>(869,183)</u>

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17. STATEMENT OF FUNDS (continued)

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.

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 2018.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
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>-</u>	<u>311,000</u>	<u>(1,633,109)</u>

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17. STATEMENT OF FUNDS (continued)

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>-</u>	<u>72,437</u>
Total restricted funds	<u>(1,848,839)</u>	<u>4,802,640</u>	<u>(4,825,473)</u>	<u>-</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>-</u>	<u>311,000</u>	<u>(1,065,782)</u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General funds	593,815	116,585	(215,510)	-	-	494,890
	-	45,786	(27,576)	(41,598)	-	(23,388)
RESTRICTED FUNDS						
General Annual Grant	-	8,964,185	(9,005,783)	41,598	-	-
Pupil Premium	-	393,199	(393,199)	-	-	-
High needs funding	-	70,192	(70,192)	-	-	-
Educational trips	8,740	299,184	(289,342)	-	-	18,582
PE and Sports Grant	-	23,800	(23,800)	-	-	-
Pension reserve	(1,918,000)	-	(160,000)	-	633,000	(1,445,000)
	<u>(1,909,260)</u>	<u>9,750,560</u>	<u>(9,942,316)</u>	<u>41,598</u>	<u>633,000</u>	<u>(1,426,418)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA Capital grants	55,168	36,852	(10,843)	-	-	81,177
Other Capital Grants	5,253	50	(747)	-	-	4,556
	<u>60,421</u>	<u>36,902</u>	<u>(11,590)</u>	<u>-</u>	<u>-</u>	<u>85,733</u>
	<u>(1,848,839)</u>	<u>9,787,462</u>	<u>(9,953,906)</u>	<u>41,598</u>	<u>633,000</u>	<u>(1,340,685)</u>
Total of funds	<u>(1,255,024)</u>	<u>9,949,833</u>	<u>(10,196,992)</u>	<u>-</u>	<u>633,000</u>	<u>(869,183)</u>

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	36,878	36,878
Current assets	471,502	400,654	48,855	921,011
Creditors due within one year	-	(382,072)	-	(382,072)
Pension scheme liability	-	(1,445,000)	-	(1,445,000)
	<u>471,502</u>	<u>(1,426,418)</u>	<u>85,733</u>	<u>(869,183)</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	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>499,882</u>	<u>(1,616,857)</u>	<u>51,193</u>	<u>(1,065,782)</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(125,401)	(121,758)
Adjustment for:		
Depreciation charges	5,377	6,213
Interest received	(825)	(1,951)
Capital grants from DfE/ESFA	(18,673)	(18,229)
Increase in debtors	(30,652)	(18,467)
(Decrease)/increase in creditors	(61,425)	232,526
Defined benefit pension scheme contributions payable	45,000	35,000
Defined benefit pension scheme cost less finance costs	40,000	40,000
Net cash (used in)/provided by operating activities	<u>(146,599)</u>	<u>153,334</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	783,316	916,724
	<u>783,316</u>	<u>916,724</u>

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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 £56,179 were payable to the schemes at 31 August 2018 (2017: £59,690) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £341,025 (2017: £362,427).

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

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21. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £202,000 (2017: £187,000), of which employer's contributions totalled £167,000 (2017: £156,000) and employees' contributions totalled £35,000 (2017: £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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.40 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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

	2018	2017
Retiring today		
Males	22.7	22.6
Females	25.7	25.6
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.9

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,303,000	1,248,000
Government bonds	135,000	-
Property	80,000	55,000
Cash and other liquid assets	36,000	19,000
Other	61,000	52,000
Other bonds	78,000	75,000
Total market value of assets	<u>1,693,000</u>	<u>1,449,000</u>

The actual return on scheme assets was £100,000 (2017: £176,000).

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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(212,000)	(193,000)
Interest income	35,000	24,000
Interest cost	(75,000)	(62,000)
	<u>(252,000)</u>	<u>(231,000)</u>
Actual return on scheme assets	<u>100,000</u>	<u>176,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,131,000	2,985,000
Current service cost	212,000	193,000
Interest cost	75,000	60,000
Employee contributions	35,000	31,000
Actuarial gains	(259,000)	(64,000)
Benefits paid	(56,000)	(74,000)
	<u>3,138,000</u>	<u>3,131,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,449,000	1,067,000
Return on plan assets (excluding net interest on the net defined pension liability)	37,000	24,000
Actuarial losses	63,000	247,000
Employer contributions	167,000	156,000
Employee contributions	35,000	31,000
Benefits paid	(56,000)	(74,000)
Administration fees	(2,000)	(2,000)
	<u>1,693,000</u>	<u>1,449,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	459,127	459,127
Between 1 and 5 years	1,764,853	1,784,381
After more than 5 years	3,516,898	3,956,497
Total	<u>5,740,878</u>	<u>6,200,005</u>

Included within the operating lease commitments above is an amount of £5,714,775 related to the PFI costs (2017 £6,154,373).

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

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

These financial statements cover the individual entity only. They are presented in £ and rounded to the nearest £.

Company Registration Number: 08658515 (England & Wales)

**REGENCY HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018