

Company Registration No. 07917745 (England and Wales)

APPLECROFT SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 AUGUST 2018



APPLECROFT SCHOOL

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APPLECROFT SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Ms C Forbes (Community Governor from 01/09/2018)
Revd J Fennell (Community Governor)
Mr N Gallacher (Staff Governor)
Mrs F Wadley (Parent Governor) (Resigned 1 December 2017)
Mrs L Lamaison (Staff Governor)
Mrs L Withe (Headteacher)
Mr T Cornwell (Community Governor) (Resigned 1 February 2018)
Mr S Young (Chair of Governors from 01/09/18)
Mrs H Rock (Parent Governor)
Mr C Hailey (Chair of Finance and Premises, Parent Governor)
S Kappangantula (Parent Governor)
P Wyatt (Staff Governor) (Appointed 1 October 2017)
L Faulks (Parent Governor) (Appointed 1 December 2017)
R Hill dec'd (30 November 2017 to 19 July 2018)
Mrs A Viall (Parent Governor) (Resigned 1 October 2017)

Members

Mrs C Forbes	- Community governor
Mr S Young	- Community governor, Chair
Revd J Fennell	- Community governor
Mr C Hailey	- Parent governor
Mr S Kappangantula	- Parent governor
Mrs H Rock	- Parent governor
Mrs F Wadley	- Parent governor
Mrs L Withe	- Headteacher
Mrs L F Faulks	- Parent governor

Senior leadership team

Mrs L Withe	- Headteacher
Mr P Wyatt	- Deputy Headteacher
Mrs S Boulton	- KS2 Phase Leader
Mrs A Brazier	- SEND Coordinator
Mrs S Gardnier	- Early Years and KS1 Phase Leader
Mrs O Coe	- School Business Manager

Company secretary

O C Coe

Company registration number

07917745 (England and Wales)

Registered office

Applecroft Road
Welwyn Garden City
Hertfordshire
AL8 6JZ

Independent auditor

Wilkins Kennedy Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

APPLECROFT SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank PLC
PO Box 1000
Andover
BX1 1LT

Solicitors

Browne Jacobson LLP
44 Castle Gate
Nottingham
NG1 7BJ

APPLECROFT SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Charitable Company operates an Academy for pupils aged 3-10 serving the catchment area of Welwyn Garden City. It has a pupil capacity of 420 in the main school and 60 in its nursery and a roll of 418 for the main school and 40 for the nursery in the 2018 school census.

Structure, governance and management

Constitution

The Academy Trust 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 Trust.

The Governors are the trustees of Applecroft School and are also the directors of the charitable company for the purposes of company law. Details of the Governors who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of recruitment and appointment or election of Governors

- Parent Governors are appointed by election of parents of students attending the Academy.
- Staff Governors are appointed by election of staff employed by the Academy.
- Community Governors may be appointed by the Governing Board.
- Member Governors may be appointed directly by members.
- The Headteacher automatically becomes an Ex Officio Governor.
- Further governors may be appointed by the Secretary of State.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of Governors

During the start of the 2017/18 academic year, the Governors welcomed two new governors to the Board: one parent governor and one new staff governor. Our new governors were provided with an induction pack which included our code of conduct, information regarding the link governor role and school visits protocol. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

We provided a mentor for each new governor to help them understand the role and encouraged governors to attend school to learn about a specific aspect of the school improvement plan or to learn something about which they had little knowledge currently. They were also encouraged to attend induction training provided by Herts for Learning and other relevant training to their role.

During 2017/18 the Governing Board continued to support the implementation of the Vision and Mission that was put in place during the Summer term of 2016. To help achieve this, all non-staff governors and new governors had a link function with the school improvement plan to ensure the agreed plan was effectively implemented and thus supporting and challenging the school in its efforts to develop

Organisational structure

The Governing Board, which meets on at least 7 occasions per year, is responsible for the strategic direction of the Academy. The Governing Board reviews progress towards educational objectives and results. They also approve major expenditure requests, set general policy, review and monitor Academy financials, approve the budget for the following year, review and approve the organisational staffing structure, and agree the performance objectives of the Headteacher with the Herts Improvement Partner.

The Governing Board delegates certain areas of its functions to its sub-committees: Finance & Premises Committee, Personnel and Pupil Welfare Committee and the Curriculum and Assessment Committee. Some meetings are also attended by members of the Academy's Senior Leadership Team (SLT). The Governors have a Schedule of Financial Delegation in place which clearly defines boundaries of budget authority. This is adhered to, ensuring appropriate levels of discussion and consideration before any spend commitments are made.

The Headteacher is an ex officio Governor, a member of the Trust, and the Accounting Officer. The Headteacher directly line manages the SLT, which for the 2017/18 academic year comprised of a Deputy Headteacher, Assessment Leader, SEND Co-ordinator, KS1 Phase Leader, Upper KS2 Phase Leader, Early Years Leader and the School Finance and Business Manager. As a group, the SLT is responsible for the day to day operation of the Academy - in particular the curriculum strategy, organising the teaching and non-teaching staff, facilities and students. The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Headteacher has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets.

Arrangements for setting pay and remuneration of key management personnel

The Pay Committee (a subset of the Finance & Premises Committee) approves leadership scales and adheres to the Staff Pay and Appraisal policy. This policy is reviewed on an annual basis.

The Academy's Staff Pay and Appraisal Policy 2017 details the Pay Committee's responsibilities which includes considering recommendations from the Headteacher regarding pay and remuneration of the Academy's key management personnel and reviewing the appraisal process / documentation at key times during the year.

The School sets its pay in accordance with the pay ranges recommended by Hertfordshire County Council. Hertfordshire County Council carry out a full consultation with employers' representatives nationally to assist them in developing appropriate rationale in setting pay ranges.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

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

Applecroft is involved in several active partnerships with a variety of schools and agencies.

The Academy is part of a partnership (Handside Schools' Partnership) along with a local Secondary and Special School. The schools have worked closely to enable children to participate in joint curriculum projects.

The Academy is involved with a cluster of primary and secondary schools in the Welwyn Garden City area of Hertfordshire. Several sporting events covering football, netball, athletics and cross country are arranged throughout the academic year.

As part of our strategic priorities in 2017/18, we have maintained a working relationship with a primary school in the region, to share best practice and to initially explore the possibility of forming a MAT; we felt joining a MAT was not a strategic priority for the school in 2017/18 so did not explore this further.

Objectives and activities

Objects and aims

At Applecroft School we believe in developing the whole child and this is evident in the curriculum on offer. We are proud of the creative and inclusive opportunities provided and the high standards of achievement and progress which are attained: the personal development achieved through our learning around the 7 Habits; our work as a Level 2 Rights Respecting school; the excellent arts learning; the many visitors and trips which enrich our learning and the diverse sporting opportunities and clubs we offer are all part of the wider curriculum. However, we continue to welcome the opportunity to review and refresh our curriculum in order to enhance learning opportunities for our pupils. Any changes we incorporate are carefully considered in line with our aims and values.

We believe our children should have a voice into their learning and we see the benefits both in terms of motivation and engagement when they do. Our curriculum is skills based and therefore can be delivered through any topic. Each term the children and their class teacher sit down and discuss the children's interests and together decide upon the next term's topic theme and title. The teachers' then plan how to best deliver the skills through the chosen topic.

We encourage everyone to be independent and creative, embracing challenge with enthusiasm, confidence and resilience. At Applecroft School the children are at the heart of everything we do. The whole community has high expectations for themselves and for what our children can achieve, whatever their starting points. We endeavour to instil a love of learning and curiosity, encouraging children to ask questions and to have a voice.

Applecroft School's Mission is:

'Nurturing Potential, Inspiring Minds, Changing Lives' and this underpins all we do.

Our shared values, identified by the whole school community are:

- Respect and Honesty
- Kindness and Supportiveness
- Determination and Resilience
- Positivity and Inspiration

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

We are proud of being a school which:

- Knows every child both as an individual and as part of the school community
- Recognises the value of making memories which last a lifetime
- Prepares every Applecroft child to be the best they can be
- Is committed to building on existing links within our community
- Knows the importance of the involvement of and communication between all aspects of the child's learning community
- Considers as paramount the excitement and learning opportunities provided by creative engagement with a broad and varied curriculum
- Embraces diversity enabling us to build on our global community links
- Has mutual respect and integrity embedded in all areas of school life
- Embraces the application of new technologies in school and in the wider world
- Looks to the future and adapts and evolves to improve the opportunities we offer to our children and community.

Objectives, strategies and activities

During the year the school has worked towards achieving these aims by:

- Improving the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- Providing value for money for the funds expended;
- Complying with all appropriate statutory and curriculum requirements;
- High quality tuition and learning opportunities for all students to reach their full potential.
- Ensuring 100% qualified teacher assessed as good/outstanding with coverage at all levels within the school in order to maintain our high standard of education provision.
- We strive to maintain the outstanding progress made at the end of KS2 as reflected in our SATs results.
- To continually develop the curriculum, enabling pupils to apply their acquired knowledge in a broad and creative way.
- Training opportunities for those staff where a recognized development or improvement is required.
- A programme of extra-curricular after school clubs and activities for all students to deliver a broader curriculum.
- Working closely with the School Business Manager to deliver best value and generate additional saving opportunities.
- Conducting the Academy's business in accordance with the highest standards of integrity
- Implemented business plans ensuring the school's resources continue to support learning and development and create new curriculum opportunities.

At Applecroft School we aim to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

We develop our rich and varied curriculum to capture the hearts and minds of our children in broad, diverse and creative ways. We recognise that every child is different and we use as many media and methods as possible to ensure we offer inclusive opportunities to enable high standards of progress and attainment. Our curriculum is progressive and builds on prior knowledge and skills each year.

At Applecroft we carry out ongoing assessments of the children, providing each child with regular feedback so that they know their next steps. We use both summative and formative assessment of pupils and benchmark the school's performance against both local and national figures. We pride ourselves on knowing every child as an individual and tailor our learning towards ensuring all children can be successful and fulfil their potential.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

The Academy has operated in accordance with its funding agreement and appeals as a non-charging, not for profit organisation throughout the period in question. Pupil admissions to the Academy have been conducted in accordance with Hertfordshire County Council Admissions for children detailed in Applecroft's Admissions Arrangements 2017/18. The pupil admission criteria were:

1. Children with a statement of Special Educational Needs or Education, Health and Care Plan (EHC Plans) that names Applecroft school.
2. Children looked after, and children who were looked after.
3. Children for whom it can be demonstrated that they have a particular medical or social need to go to Applecroft school.
4. Children who have a sibling on the roll of the school at the time of application.
5. Children of staff
6. Children for whom it is their nearest community or voluntary controlled school or academy using Hertfordshire County Council's admission rules.

The principal objective and aim of the Charitable Company is the operation of Applecroft School to be an inclusive school, valuing everyone and providing opportunities to fulfil each individual's potential by:

- Providing a broad and balanced curriculum that explores knowledge, nourishes creativity and encourages independence
- Encouraging happy, confident, learning for life
- Providing a safe, secure and stimulating environment in which everyone can feel happy and cared for
- Respecting and valuing each other, our environment and ourselves
- Being a diverse, active, committed, all inclusive, happy community both within and beyond the school
- Being a self-evaluating school

This is consistent with objects detailed in our Memorandum of Association Clause 4

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

The Academy measures its success partly through a series of performance indicators. These indicators comprise:

Self-evaluation

Pupil voice and survey data

HIP report

Pupil Progress Meetings where each and every child's progress is evaluated, and appropriate actions taken as necessary

Academy popularity/admissions

SATs results and other indicators of student progress

Staff performance monitoring

Financial health

Staff turnover

We aim to cultivate learners and enable them to feel confident to achieve their full potential and make a valuable contribution to their immediate and wider world. The Applecroft community will retain and develop its values and support a culture of self-improvement from an individual and whole school perspective. We aim to unlock professional and personal potential by sharing best practice and moving with the educational landscape. Applecroft School's objectives link back to the initial vision and mission and are, in part, an acknowledgement of the above indicators.

To ensure the school continues to be in the best position to support the learning and development of students, Governors approved two business plans during the last year. The first plan ensured support staff were properly positioned to achieve the wider objectives of the school, achieving the overall strategy of providing focussed help to support learning where needed. The second plan concerned developing the school environment, ensuring a safer, more secure and creative environment which could also allow for the longer-term development of the curriculum. Each of these cases have impacted the overall financial position of the school. It was felt necessary to leverage the school's advantageous reserves position for students' benefit, creating a much-improved learning space; whereas the positioning of staff ensures more help can be given to those who need it most, whilst keeping staff expenses relatively flat for the coming period.

To ensure standards are continually raised, the Academy:

- Operates a programme of lesson observations
- Carries out termly pupil progress meetings
- Operates a programme of learning walks
- Operates a programme of appraisal reviews
- Tracks and tackles underachievement as indicated by a number of measures (for example, by ongoing data analysis at class, year, key stage and faculty levels)
- Employs an external adviser (HIP)
- Requests external reviews (Pupil Premium and Safeguarding)
- Sets ambitious and achievable objectives in its School Improvement Plan
- Conducts regular Link Governor visits/meetings
- Critical friend challenges and enquires at FGB meetings, evidenced within FGB minutes
- Thoroughly completing a Self-Evaluation Document, highlighting areas of opportunity for further development.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Our main priorities for 2017/18 were to:

- Diminish the difference between the % of boys and girls reaching the expected standards in writing across the school and,
- To ensure high quality teaching and learning of spelling, handwriting and writing across the school
 - Good progress was made against this priority. The policies/schemes of work for spelling, handwriting and/or writing across the school were reviewed and clarified resulting in all staff being clear of expectations
 - In the EYFS the % of boys who reached a good level of development in writing rose from 65.5% to 70.8%
 - At KS1 the % of boys meeting the expected standard rose from 50% to 72% and the gap between boys and girls attainment narrowed from 26.5% in 2017 to 10.9% in 2018
 - At KS2 the % of boys who reached the expected standard in writing rose 2% from 82.6% in 2017 to 84.6% in 2018
- To further develop the Nursery provision to ensure it is meeting the needs of the local community & the learning environment is of a high quality inside and out, fully reflects all areas of learning and is enabling for all learners.
 - Good progress was made against this priority with us extending our provision to include children who are entitled to 30 hours free childcare increasing our overall numbers on roll.
 - We exceeded our aim of 80% of children attaining a 'Good level of development' in Expressive Art and Design with 93.3% achieving this in Summer 2018
 - Designs were approved for a brand new, purpose built nursery classroom and outdoor classroom due to be installed in the summer of 2018 ready for the 18-19 academic year.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

The Governors receive monthly monitoring reports which are reviewed and discussed at the Finance & Premises committee. Continual assessment against policies, aims and financial budgets is undertaken to ensure effective management of grants and funds received.

As funding is based on pupil numbers this is a key performance indicator. With regards to pupil numbers Applecroft has remained at capacity and we wish to maintain our popularity within the community. Pupil numbers for 2017/18 were 418. Applecroft continues to be an extremely popular school within our community. Consequently, for 2017/18 our key performance indicator of staff salary costs as a proportion of total income was 76.17%.

Our staff costs have fallen slightly this year due to the implementation of a business plan to refocus support staff. However, a minor impact to reserves because of implementing this plan, has been absorbed. The Board understand and recognise the value and importance of experienced, committed staff to the school's continued performance, but also are mindful of the funding landscape the school operates within, and steadily rising costs. We will look to the future to ensure that the staff can continue to deliver an outstanding education for pupils by building an effective team to achieve our goals and aspirations while monitoring such performance indicators.

The number of pupils entering Applecroft School with SEND including those with more complex needs is growing steadily year on year and this has required renewed attention to be given to ensure we are resourced appropriately to best support the needs of all children.

The percentage of children eligible for the Pupil Premium Grant have also seen a steady increase and the Governing Board are mindful of this and are monitoring pupil premium expenditure via a new, dedicated report in meetings, as well as questioning the value added and impact of other specialised and dedicated funding.

Going concern

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

Financial review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the EFA. In addition, the Academy received £31K through private letting of the school and its premises.

For the year ended 31 August 2018 the Trust received £1,975K of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy Trust spent all of its restricted funds but had a deficit of £121K from its unrestricted funds reducing the carry forward surplus to £451K.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The Directors are aware of the requirement to balance current and future needs. The Directors always aim to set a balanced budget with annual income balancing annual expenditure.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £451K. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

In addition to a contingency of £150K to cover unexpected or emergency expenditure, the Governors have decided to hold £44K to complete classroom refurbishments.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £762K. The Governors have determined that they should hold a cash contingency equivalent to two weeks' expenditure, approximately £91K.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £435K. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Investment policy

The Investment Policy was reviewed by the Full Governing Board in October 2017 and as a consequence a decision was made to invest cash sums into two low risk interest bearing savings accounts.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The aim is to continually research where funds may be deposited applying prudence in ensuring there is minimum risk. The Academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

Principal risks and uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity. This contingency is managed through an insurance which is in place to cover a majority of these risks.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

- The Academy has implemented a business plan which involves a support staff restructure. The results of this will continue to be monitored, both from an impact to learning point of view and a staff morale perspective, to ensure that staff turnover is minimised.
- A second business plan was implemented to refurbish large areas of the school environment. This has consequently reduced our large reserves, which it is acknowledged was a very advantageous position to be in; but we also acknowledge that any other large expenditure will now not be likely. The Governors have ensured sufficient reserves remain to ensure the successful operation of the school, also in line with our Reserves Policy.
- The academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Our School Finance and Business Manager has shared our three-year forecasts, based on income levels not changing from this year and standard increases applied such as inflation, and the trust is likely to be in deficit within two years if income and expenditure fail to diverge. Implementing the staff reorganisation has helped to secure a reduction in expenditure in 2018/19 and will remain relatively level with only incremental increases thus creating capacity to absorb expenditure increases for the next two or three years.
- Failure in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Board of Governors continue to review and ensure that appropriate measures are in place to mitigate these risks with the assistance of the School Finance and Business Manager. The Board of Governors with the support of the School Finance & Business Manager have appointed Wilkins Kennedy to continue to conduct the internal auditor activity on a termly basis.
- Reputational - the continuing success of the academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Governing Board ensures that student success and achievement are closely monitored and reviewed. We have seen no diminution in student and parental enthusiasm and don't anticipate this will change. Additionally, we have been communicating with all stakeholders in the school of the benefits of the business plans implemented this year: two pieces of work which were publicly visible and which generated wide-ranging comment. The Governing Board will continue to ensure that these projects are realised and maximum benefit for the students are realised; and will continue to support the SLT and positively promote these changes to the school and wider community.
- Loss of Outstanding status - Applecroft School achieved outstanding status at its Ofsted inspection in 2008. The school conducts regular self-evaluation exercises and external consultations to continually improve its effectiveness and the school uses the results of such exercises to shape annual objectives and form an overall strategy for school improvement. Governors are acutely aware of continually rising national expectations in the intervening decade since our last inspection, of what a good and outstanding school is. The Governing Board are striving for the best outcomes but take the view it is prudent to plan for a good and an outstanding outcome.
- Staff recruitment: The ongoing maintenance of 100% of qualified teachers in the classroom continues to be a significant risk, particularly given the changing funding landscape. We are confident that our reputation, future ambitions, and continued financial prudence will ensure our competitiveness
- The Academy's IT infrastructure is protected through installation of appropriate security procedures which are regularly updated ensuring protection of school data and safeguarding of students within the network. Staff and Governors are aware of e-safety issues and are ever mindful of possible risks. A disaster recovery strategy is in place.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

- Disaster recovery and protection. The Academy has taken various insurance policies to mitigate any financial and business risk wherever possible.
- Safeguarding and Child Protection - the Governing Board continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of Child Protection policies and procedures, Health & Safety, E-Safety and Data Security, Preventing Extremism and Radicalisation and Behaviour Management policies.
- The Academy is mindful of pupils being negatively influenced by radicalisation and the we work with Parents and staff to monitor and protect against radical influences
- The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.
- The Academy is aware of new GDPR regulations and has put in place new policies and procedures to bring the Trust's practices up to the required standard. We carried out a risk assessment of practices and what mitigating action may be required to prevent data breaches and acquire appropriate consent.

Fundraising

The Trust has not engaged in any significant fundraising activity directly in the past year or significantly relied upon fundraising as a component of its income generation. However, it does support the endeavours of a parent-led group who raise money through various activities, which is then spent in a way jointly agreed upon with the Trust and which supports the purpose of the Trust. Governors receive reports of the activities of the parent-led group and how these funds are spent.

Processes and policies exist, approved by the Board, which govern how funds are spent and how risk is identified and mitigated. The Trust additionally has a Gifts and Hospitality policy to ensure cash cannot be received by staff and consequently helping to ensure no individual or organisation has undue influence over the Trust. Procedures exist for concerns and complaints to be raised by the public or parents if they have any issues with the fundraising activity carried out on behalf of the Trust. Governors are required to declare any interests in meetings and at the start of the year, to assist the Trust to protect itself from conflicts.

No complaints have ever been received for any fundraising activities at the school. The school only ever asks for voluntary contributions towards its fundraising and would never discriminate against any student or parent who did not want to contribute towards any activity. We do not place undue pressure on individuals to donate.

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

The Academy will continue to improve the level of performance of its students at all levels and will maintain its popularity within its community leading to a strong pupil subscription in future years.

The Leadership of the school including the Headteacher, SLT and Board of Governors have identified the following as their strategic goals over the next 3 years:

- Accomplish our school's major building redevelopment plan to ensure our school building meets the needs of our community, is modern, supports innovative teaching and learning and promotes high expectations and effective communication
- Further strengthen existing partnerships within the Applecroft community with a particular focus on developing 'parents as partners' in the learning journey of our children
- To modernise and update the IT infrastructure, systems and resources ensuring that:
 - Staff are supported by and have access to the most efficient and effective systems
 - Children develop the skills necessary to be successful in the 21st Century

Specific priorities for the 18-19 academic year include:

Leadership and Management:

Governing Board:

- To clarify and further develop the structure, roles and responsibilities of each individual on the Governing Board to ensure collectively they effectively and efficiently carry out their role
- To further develop the skills and knowledge of governors to further strengthen the overall Governing Board
- To further promote the Governing Board and increase engagement with staff, pupils and parents/carers

School:

- To develop and further embed the 'Leader in Me' and '7 Habits' within the school community
- Further strengthen existing partnerships within the Applecroft community with a particular focus on developing 'parents as partners' in the learning journey of our children
- Continue to support Subject Leaders to ensure accurate self-evaluation based on evidence that informs improvement planning leading to high quality provision
- To ensure the Learning and Teaching Policy drives classroom and whole school practice

Quality of Teaching, Learning and Assessment:

- To ensure that all teaching to be at least good and much outstanding through a programme of supportive and challenging CPD
- To ensure a high standard of presentation, handwriting and display throughout the school
- To ensure high quality teaching and learning of maths across the school
- To ensure high quality provision for children with Special Educational Needs and Disabilities (SEND), enabling them to access a fully inclusive curriculum and reach their potential

Personal Development, Behaviour and Welfare:

- To continue to prioritise, support and nurture the emotional and mental health of all members of the school family resulting in high levels of behaviour and well-being
- To develop a sense of responsibility and know how to contribute positively as individuals and as members of a community

APPLECROFT SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Pupil Outcomes

- To diminish the difference in attainment between FSM and non-FSM children across the school
- For all children to maintain their prior attainment in all areas, with further evidence of positive progress across prior attainment Groups

Early Years Foundation Stage:

- To ensure the EYFS learning environment is of a high quality inside and out, fully reflects all seven areas of learning and is enabling for all learners
- To further develop the transition procedures for children entering Nursery and entering Reception
- To be at least in line with both the national and local % of children reaching a GLD by the time they leave the EYFS at Applecroft.

One of the largest and most noticeable future developments is the continuation of a business plan to refurbish the school environment; 2018/19 will see the conclusion of the final phase of this project. Support is received from the School Finance and Business Manager and the Site Manager. The Trust has taken all reasonable steps to ensure the project is conducted in a planned way and is appropriately managed; where issues have arisen, the Trust has sought appropriate advice to overcome such issues and amend plans accordingly to continue to ensure value for money. The plan in its entirety will update the classrooms, bring the nursery children into the main school building and provide a much-improved environment for children with more complex needs. It will also future-proof the school's anticipated IT needs and support future development of the curriculum.

We want to encourage and support the school to be a leading school within the region and country; a school which engages with its stakeholders – both members of the school and its wider community; and a school which empowers each member, staff and pupil, to achieve their best performance. Our Headteacher is continually reviewing initiatives in line with the latest educational thinking, provision of a best practice service to advance education whether it is in support of communities locally, nationally or at a global level. To this end, the school will focus on developing strategies for the use of IT both operationally and for learning purposes; will develop strategies for communications and engagement; and will continue to support staff embedding into the new structure and particularly support the leadership of the school to recognise priorities for development.

Auditor

In so far as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 26/11/18 and signed on its behalf by:


.....
Mr S Young

Chair of Governors from 01/09/18

APPLECROFT SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Governors was as follows. In addition Mrs O Coe (associate governor) attended 5 out of a possible 6 meetings.

Governors	Meetings attended	Out of possible
Ms C Forbes (Community Governor from 01/09/2018)	6	6
Revd J Fennell (Community Governor)	3	6
Mr N Gallacher (Staff Governor)	5	6
Mrs F Wadley (Parent Governor) (Resigned 1 December 2017)	2	2
Mrs L Lamaison (Staff Governor)	6	6
Mrs L Withe (Headteacher)	6	6
Mr T Cornwell (Community Governor) (Resigned 1 February 2018)	1	3
Mr S Young (Chair of Governors from 01/09/18)	6	6
Mrs H Rock (Parent Governor)	6	6
Mr C Hailey (Chair of Finance and Premises, Parent Governor)	6	6
S Kappangantula (Parent Governor)	3	6
P Wyatt (Staff Governor) (Appointed 1 October 2017)	5	6
L Faulks (Parent Governor) (Appointed 1 December 2017)	4	4
R Hill dec'd (30 November 2017 to 19 July 2018)	4	4
Mrs A Viall (Parent Governor) (Resigned 1 October 2017)	0	0

The Governing Board continues to review and develop its governance structure to ensure that we have the leadership skills to carry out the governance required. We have had some key changes in the composition of the Board this year losing two governors, one a long standing parent Governor who specialised in IT, the other our chair of Finance & Premises Committee who was a Community Governor. We have therefore recruited two new parent governors who have shown strong Governor commitment. We have identified specialist governor roles (Health & Safety, Safeguarding, Training and Behaviour) and have carried out a full skills audit during the Spring Term to ensure that our training needs can be formally identified and training planned.

The Finance & Premises subcommittee are provided with detailed income and expenditure data prior to each meeting and more regularly during our building works. This data enables the subcommittee to monitor the school's financials in depth and ensures that we make the appropriate decisions. These decisions are presented to the Full Governing Board and all members regularly updated at each Board meeting to ensure that they are kept abreast of the school's financial situation.

APPLECROFT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Finance and Premises Committee is a sub-committee of the main Board of Governors and came into existence in April 2016 from the merging of the Finance Committee and the Premises Committee. Its purpose is to address finance and premises matters.

Mr T Cornwell, who is a qualified accountant, chaired our Finance and Premises committee until February 2018. From February 2018 Mr C Hailey became chair of the Finance and Premises committee. The committee's focus this year has been:

- Working through the tender process for internal refurbishment works
- Working through the Business Plan and Support Staff restructure process
- Reviewing and amending statutory and recommended financial policies
- Embedding budget monitoring and cash flow reports

Attendance at meetings during the year was as follows. In addition Mrs O Coe (associate governor) attended 5 out of a possible 5 meetings.

Governors	Meetings attended	Out of possible
Ms C Forbes (Community Governor from 01/09/2018)	5	5
Mr N Gallacher (Staff Governor)	5	5
Mrs L Lamaison (Staff Governor)	2	2
Mrs L Withe (Headteacher)	3	5
Mr T Cornwell (Community Governor) (Resigned 1 February 2018)	1	2
Mr S Young (Chair of Governors from 01/09/18)	5	5
Mrs H Rock (Parent Governor)	2	2
Mr C Hailey (Chair of Finance and Premises, Parent Governor)	3	3
P Wyatt (Staff Governor) (Appointed 1 October 2017)	4	5

Review of value for money

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

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

Student Attainment

Applecroft School has a well-planned strategy to invest its resources in the best way possible to ensure that educational standards continue to improve and to ensure each individual pupil has the opportunity to reach their full potential.

At Applecroft School we are highly inclusive, have high value added and high expectations of progress for all our pupils. The school has in place processes for rigorous tracking of pupil progress and achievement with underachievement identified early and the appropriate interventions put in place. The school operates an extensive monitoring programme.

APPLECROFT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

We provide a creative approach to the curriculum, offering children a broad range of experiences. We have ensured value for money at every stage during the refurbishment programme which, when complete, will allow for further development of the curriculum and provide capacity for the school to review its use of IT in the learning environment.

We use Pupil Premium funding to deliver carefully targeted interventions and services as early as possible such as counselling, One to One Tuition and small group challenge and support activities which allow the children to be fully inclusive. This ensures our disadvantaged children meet or exceed their targets. The school carefully monitors Pupil Premium expenditure via a dedicated finance report and updates in other written reports, and this provides a narrative of its impact on improving attainment for pupils on Free School Meals or those children who are Looked After. Use of this grant and its effectiveness is published annually on the school's website.

Financial Governance and Oversight

Wilkins Kennedy have been appointed to carry out the internal audit function for the academic year 2017-2018. The school commissioned three internal audits to take place during the accounting period.

The Governing Board approve the annual budget forecast of the school and review our admission numbers forecast and three-year budget on an annual basis ensuring we remain a 'going concern' and facilitating future financial stability.

The Finance and Premises Committee meet half-termly to review the budget monitoring reports, the internal audit reports and the external auditor's management report and takes action on any recommendations made by them. Governors are involved in the tender process and have to sign purchase orders to the value of £10,000 or above and the Finance and Premises Committee have to sign purchases to the value of £5,000 or above. Terms of reference for all Governing Board committees are reviewed and approved annually.

Ensuring the operation of Applecroft School demonstrates good value for money and efficient and effective use of resources.

Applecroft has a procurement framework in place which ensures that formal tender processes and three supplier quotes have to be obtained to set limits. In addition, budget holders' allocations are targeted specifically at identified areas of development ensuring that a direct link to school improvement and value for money is made to all resources allocated. The quality of service, contract prices and terms and conditions of the school suppliers are regularly reviewed and compared with the open market.

The school has carried out the following activities to secure more efficient and effective use of resources in the given year:

- Benchmark exercise on the rentable spaces and lettings was carried out to ensure that we are competitive compared to other local schools
- The School Business Manager and Site Manager have audited all equipment which is now in a database for insurance purposes
- Contracts for learning resources and general school services were examined for impact, cost effectiveness and reliability and not renewed or alternative providers sourced if it was felt they no longer provided good value for money
- Actively increased the number and diversity of hirers letting the school premises out of school hours
- Introduced a central stationery and work materials area allowing stock ordering to be streamlined and more cost effective and saving staff time in locating equipment requirements

Maximising Income Generation

Applecroft School explores every opportunity to generate additional revenue through grant applications and the hiring of the school's facilities. Successful revenue income grant applications in the given year include:

- The school generated an income of around £31,000 per annum on the hiring of its facilities out of school hours
- £138,000 in CIF bids

Reviewing Controls and Managing Risks

Budget monitoring reports are produced and reviewed by the Headteacher, Business Manager and Governors. A risk register has been compiled to detail all the potential financial and business risks and measures put in place to minimise the implications of these.

APPLECROFT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Lessons Learnt from 2017-2018 and Action Plan for 2018- 2019:

- Ensure SIP includes accurate costings against all actions.
- Continue to review our staffing structure to ensure it continues to be financially viable and meets the growing needs of our children
- Continue to evaluate PPA cover solutions to ensure a high quality cover that is most cost effective is provided
- Track all training and supply expenditure using Excel throughout the year
- Review lettings to ensure we are maximising all opportunities e.g. introducing Sunday lets.

2018-2019 Action Plan:

- Carry out a further external Safeguarding and Pupil Premium audit and incorporate recommendations in the School Improvement Plan and Pupil Premium Strategy
- To continue to maintain high standards of financial control
- To continue with termly internal audits for confirmation that our internal financial controls are secure
- To carry out a financial skills audit of trustees and to implement a training programme to address any areas for development that are identified
- Implement changes to staffing structure, ensuring it is financially viable and meets the needs of our children over the next 2-3 years.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Applecroft School for the period 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 Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 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 Governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance and Premises 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.

APPLECROFT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Governing Board has considered the need for a specific internal audit function and has decided to appoint Wilkins Kennedy as internal auditor.

The internal auditors's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor reports to the Governing Board on the operation of the systems of control and on the discharge of the Governing Board's financial responsibilities.

The scope of our internal audit checks is as follows:

Partnership and Resources, Leadership and Governance, Register of Pecuniary Interests, Whistle Blowing Policy, Website Review, New Governors' Induction Pack, School Development Plan, Data Protection, Data Security, Financial Procedures, Self-Evaluation of Financial Competencies, Financial Accounting Records and Systems, Budgeting Process, Reporting, Income, Purchasing, Payroll, Staff Structure Review, VAT and Corporation Tax, Assets, Insurance, Year End Procedures, Related Parties, Gifts and Hospitality & Compliance.

During the period covered by this report there were no material control issues identified by the internal auditor, although there were a couple of areas where the internal auditor identified internal controls that could be improved and these were reported to the Governing Board and acted on accordingly.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the Finance and Business Manager within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 22/11/18..... and signed on its behalf by:



Mr S Young

Chair of Governors from 01/09/18

APPLECROFT SCHOOL

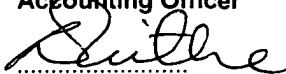
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

Mrs L Withe
Accounting Officer



APPLECROFT SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as trustees for Applecroft School and are also the directors of Applecroft School for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The Governors 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 Governors on 28/11/18.... and signed on its behalf by:



Mr S Young

Chair of Governors from 01/09/18

APPLECROFT SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLECROFT SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Applecroft School for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust'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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information. 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.

APPLECROFT SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLECROFT SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions 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 Governors' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report, including the incorporated strategic 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the statement of Governors' responsibilities, the Governors 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 Governors 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 Governors are responsible for assessing the Academy Trust'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 Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

APPLECROFT SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLECROFT SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the Academy Trust'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 Trust and Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Mandy Wilson FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

Statutory Auditor

6th December 2018

5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

APPLECROFT SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO APPLECROFT SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 12 September 2018 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 Applecroft School during the period 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 Applecroft School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Applecroft School and 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 Applecroft School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Applecroft School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Applecroft School's funding agreement with the Secretary of State for Education dated 1 March 2012 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 period 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 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 Trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

APPLECROFT SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO APPLECROFT SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy Audit Services

Reporting Accountant

Wilkins Kennedy Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

Dated: *6th December 2018*

APPLECROFT SCHOOL

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

	Notes	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total 2018 £'000s	Total 2017 £'000s
Income and endowments from:						
Donations and capital grants	3	-	68	142	210	148
Charitable activities:						
- Funding for educational operations	4	-	1,975	-	1,975	1,864
Other trading activities	5	157	-	-	157	164
Investments	6	3	-	-	3	6
Total		<u>160</u>	<u>2,043</u>	<u>142</u>	<u>2,345</u>	<u>2,182</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	109	2,184	82	2,375	2,286
Total	7	<u>109</u>	<u>2,184</u>	<u>82</u>	<u>2,375</u>	<u>2,286</u>
Net income/(expenditure)		51	(141)	60	(30)	(104)
Transfers between funds	17	(172)	70	102	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	151	-	151	310
Net movement in funds		(121)	80	162	121	206
Reconciliation of funds						
Total funds brought forward		572	(515)	2,674	2,731	2,526
Total funds carried forward		<u>451</u>	<u>(435)</u>	<u>2,836</u>	<u>2,852</u>	<u>2,732</u>

APPLECROFT SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000s	General £'000s	Fixed asset £'000s	2017 £'000s
Income and endowments from:					
Donations and capital grants	3	-	71	77	148
Charitable activities:					
- Funding for educational operations	4	-	1,864	-	1,864
Other trading activities	5	164	-	-	164
Investments	6	6	-	-	6
Total		<u>170</u>	<u>1,935</u>	<u>77</u>	<u>2,182</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	222	1,993	71	2,286
Total	7	<u>222</u>	<u>1,993</u>	<u>71</u>	<u>2,286</u>
Net income/(expenditure)		(52)	(58)	6	(104)
Transfers between funds	17	-	(32)	32	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	310	-	310
Net movement in funds		<u>(52)</u>	<u>220</u>	<u>38</u>	<u>206</u>
Reconciliation of funds					
Total funds brought forward		624	(735)	2,637	2,526
Total funds carried forward		<u>572</u>	<u>(515)</u>	<u>2,675</u>	<u>2,732</u>

APPLECROFT SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018	2017
	Notes	£'000s	£'000s
Fixed assets			
Tangible assets	12	2,836	2,628
Current assets			
Stocks	13	8	6
Debtors	14	52	72
Cash at bank and in hand		762	777
		822	855
Current liabilities			
Creditors: amounts falling due within one year	15	(371)	(234)
Net current assets		451	621
Net assets excluding pension liability		3,287	3,249
Defined benefit pension scheme liability	19	(435)	(517)
Net assets		2,852	2,732
Funds of the Academy Trust:			
Restricted funds	17		
- Fixed asset funds		2,836	2,675
- Restricted income funds		-	2
- Pension reserve		(435)	(517)
Total restricted funds		2,401	2,160
Unrestricted income funds	17	451	572
Total funds		2,852	2,732

The financial statements on pages 28 to 52 were approved by the Governors and authorised for issue on 29/11/2018 and are signed on their behalf by:

Mr S Young
Chair of Governors from 01/09/18

Company Number 07917745

APPLECROFT SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018	2017
	Notes	£'000s	£'000s
Cash flows from operating activities			
Net cash provided by operating activities	20	129	17
Cash flows from investing activities			
Dividends, interest and rents from investments		3	6
Capital grants from DfE Group		142	77
Purchase of tangible fixed assets		(289)	(62)
Net cash (used in)/provided by investing activities		(144)	21
Net (decrease)/increase in cash and cash equivalents in the reporting period		(15)	38
Cash and cash equivalents at beginning of the year		777	739
Cash and cash equivalents at end of the year		762	777

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Applecroft School is a charitable company which is limited by guarantee. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' Report.

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

1.1 Basis of preparation

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Applecroft School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors 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.

1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. 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 period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Transfer of a lease

On conversion to Academy Status the Local Authority gifted the school buildings to the Academy Trust with a 125 year long lease. The properties have been professionally valued as at August 2012. The valuation is underpinned by SORP 2005 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land. As the land and buildings are of specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold land and buildings	50 years straight line
Leasehold improvements	50 years straight line
Computer equipment	3-4 years straight line
Fixtures, fittings & equipment	5-10 years straight line

1.6 Liabilities

Liabilities 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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 cost. 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 instrument.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

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

1.11 Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Department for Education where the asset acquired or created is held for a specific purpose.

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

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements 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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying value of the property, plant and equipment and note 1.5 for the useful economic lives for each class of assets.

LGPS

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There are no critical areas of judgement.

3 Donations and capital grants

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Capital grants	-	142	142	77
Other donations	-	68	68	71
	<u>-</u>	<u>210</u>	<u>210</u>	<u>148</u>

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
DfE / EFA grants				
General annual grant (GAG)	-	1,502	1,502	1,548
Other DfE / EFA grants	-	95	95	79
	-	1,597	1,597	1,627
Other government grants				
Local authority grants	-	378	378	237
Total funding	-	1,975	1,975	1,864

5 Other trading activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Hire of facilities	31	-	31	31
Catering income	67	-	67	55
Music tuition	25	-	25	24
Other income	34	-	34	54
	157	-	157	164

6 Investment income

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Short term deposits	3	-	3	6

7 Expenditure

	Staff costs £'000s	Premises & equipment £'000s	Other costs £'000s	Total 2018 £'000s	Total 2017 £'000s
Academy's educational operations					
- Direct costs	1,136	-	166	1,302	1,481
- Allocated support costs	358	447	268	1,073	805
	1,494	447	434	2,375	2,286

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2018 £'000s	2017 £'000s
Fees payable to auditor for:		
- Audit	5	5
- Other services	3	3
Operating lease rentals	3	3
Depreciation of tangible fixed assets	82	71
Net interest on defined benefit pension liability	14	16
	<u> </u>	<u> </u>

8 Charitable activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2018 £'000s	Total 2017 £'000s
Direct costs - educational operations	109	1,193	1,302	1,481
Support costs - educational operations	-	1,073	1,073	805
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	109	2,266	2,375	2,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities (Continued)

Analysis of costs	2018 £'000s	2017 £'000s
Direct costs		
Teaching and educational support staff costs	1,123	1,265
Staff development	13	16
Educational supplies and services	139	176
Educational consultancy	27	24
	<u>1,302</u>	<u>1,481</u>
Support costs		
Support staff costs	357	298
Depreciation and amortisation	82	71
Technology costs	17	20
Maintenance of premises and equipment	301	137
Cleaning	3	8
Energy costs	26	25
Rent and rates	13	11
Insurance	21	22
Security and transport	1	1
Catering	131	125
Interest and finance costs	14	16
Other support costs	96	60
Governance costs	11	11
	<u>1,073</u>	<u>805</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000s	2017 £'000s
Wages and salaries	1,104	1,182
Social security costs	89	99
Pension costs	258	259
	<u>1,451</u>	<u>1,540</u>
Staff costs	1,451	1,540
Agency staff costs	29	23
Staff development and other staff costs	14	17
	<u>1,494</u>	<u>1,580</u>
Total staff expenditure	1,494	1,580

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Staff numbers

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

	2018 Number	2017 Number
Teachers	25	30
Administration and support	40	31
Management	2	2
	<u>67</u>	<u>63</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,001-£70,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £401,015 (2017: £387,212).

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Governors' remuneration and expenses

The Headteacher and other Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors. During the year no expenses were reimbursed to any Governors (2017: £nil reimbursed to one Governor).

The value of Governors' remuneration was as follows:

Mrs L Withe (Headteacher):

Remuneration £60,001-£65,000 (2017: £60,001-£65,000)

Employer's pension contributions £10,001-£15,000 (2017: £5,001-£10,000)

Mrs S Boulton (staff governor) - resigned 01/09/2017

Remuneration £nil (2017 £40,001 - £45,000)

Employer's pension contributions £nil (2017 £0 - £5,000)

Mrs L LaMaison (staff governor)

Remuneration £10,001 - 15,000 (2017 £10,001 - £15,000)

Employer's pension contributions £0 - £5,000 (2017 £0 - £5,000)

Mr N Gallacher (staff governor)

Remuneration £15,001- £20,000 (2017 £15,001 - £20,000)

Employer's pension contributions £0 - £5,000 (2017 £0 - £5,000)

Mr P Wyatt (staff governor) - appointed 01/10/2017

Remuneration £50,001 - £55,000 (2017 £nil)

Employer's pension contributions £5,001 - £10,000 (2017 £nil)

Other related party transactions involving the Governors are set out within the related parties note.

11 Governors and officers insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Long leasehold land and buildings £'000s	Leasehold improvements £'000s	Computer equipment £'000s	Fixtures, fittings & equipment £'000s	Total £'000s
Cost					
At 1 September 2017	2,753	145	107	170	3,175
Additions	-	227	47	15	289
At 31 August 2018	2,753	372	154	185	3,464
Depreciation					
At 1 September 2017	337	6	89	115	547
Charge for the year	34	4	21	22	81
At 31 August 2018	371	10	110	137	628
Net book value					
At 31 August 2018	2,382	362	44	48	2,836
At 31 August 2017	2,416	139	18	55	2,628

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2018**

12 Tangible fixed assets **(Continued)**

Included within leasehold land and building is land with a value of £1,000,239 which is not being depreciated.

13 Stocks **2018** **2017** **£'000s** **£'000s**

School uniform	8	6
	<u>8</u>	<u>6</u>

14 Debtors **2018** **2017** **£'000s** **£'000s**

Trade debtors	5	8
VAT recoverable	10	21
Other debtors	6	21
Prepayments and accrued income	31	22
	<u>52</u>	<u>72</u>

15 Creditors: amounts falling due within one year **2018** **2017** **£'000s** **£'000s**

Other taxation and social security	21	24
Other creditors	23	26
Accruals and deferred income	327	184
	<u>371</u>	<u>234</u>

16 Deferred income **2018** **2017** **£'000s** **£'000s**

Deferred income is included within:		
Creditors due within one year	64	63
	<u>64</u>	<u>63</u>
Deferred income at 1 September 2017	63	59
Released from previous years	(63)	(59)
Resources deferred in the year	64	63
	<u>64</u>	<u>63</u>
Deferred income at 31 August 2018	<u>64</u>	<u>63</u>

Deferred income includes free school meals funding received in advance, rates relief, devolved formula capital and trip income which relates to 2017/18.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2018 £'000s
Restricted general funds					
General Annual Grant (GAG)	2	1,502	(1,574)	70	-
Other DfE / ESFA grants	-	95	(95)	-	-
Other government grants	-	378	(378)	-	-
Other restricted funds	-	68	(68)	-	-
Pension reserve	(517)	-	(69)	151	(435)
	<u>(515)</u>	<u>2,043</u>	<u>(2,184)</u>	<u>221</u>	<u>(435)</u>
Restricted fixed asset funds					
DfE group capital grants	2,674	142	(82)	102	2,836
	<u>2,674</u>	<u>142</u>	<u>(82)</u>	<u>102</u>	<u>2,836</u>
Total restricted funds	<u>2,159</u>	<u>2,185</u>	<u>(2,266)</u>	<u>323</u>	<u>2,401</u>
Unrestricted funds					
General funds	572	160	(109)	(172)	451
	<u>572</u>	<u>160</u>	<u>(109)</u>	<u>(172)</u>	<u>451</u>
Total funds	<u>2,731</u>	<u>2,345</u>	<u>(2,375)</u>	<u>151</u>	<u>2,852</u>

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the normal running costs of the Academy.

Other DfE/EFA grants

This includes pupil premium and the PE and sports grant.

Other government grants

This represents allocated funding for special educational needs pupils and various other small grants from local and national government bodies for the provision of specific services to pupils of the school.

Other Restricted funds

This includes donations for school trips and other small donations for the provision of specific services to pupils of the school.

Pension Reserve

This fund represents the Academy's share of the deficit of the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from being a state controlled school.

Restricted Fixed Asset Fund

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

DfE/ESFA capital grants

This represents income received from both the Department for Education and the Education and Skills Funding Agency for capital projects undertaken by the Academy.

Transfers

The transfer between funds represents the net adjustment for additions purchased using GAG funding and DfE/ESFA capital funding.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2017 £'000s
Restricted general funds					
General Annual Grant (GAG)	2	1,548	(1,516)	(32)	2
Other DfE / ESFA grants	33	79	(112)	-	-
Other government grants	-	237	(237)	-	-
Other restricted funds	-	71	(71)	-	-
Pension reserve	(770)	-	(57)	310	(517)
	<u>(735)</u>	<u>1,935</u>	<u>(1,993)</u>	<u>278</u>	<u>(515)</u>
Restricted fixed asset funds					
DfE group capital grants	-	77	(71)	(6)	-
General fixed assets	2,637	-	-	38	2,675
	<u>2,637</u>	<u>77</u>	<u>(71)</u>	<u>32</u>	<u>2,675</u>
Total restricted funds	<u>1,902</u>	<u>2,012</u>	<u>(2,064)</u>	<u>310</u>	<u>2,160</u>
Unrestricted funds					
General funds	624	170	(222)	-	572
	<u>624</u>	<u>170</u>	<u>(222)</u>	<u>-</u>	<u>572</u>
Total funds	<u>2,526</u>	<u>2,182</u>	<u>(2,286)</u>	<u>310</u>	<u>2,732</u>

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2018 £'000s
Restricted general funds					
General Annual Grant (GAG)	2	3,050	(3,090)	38	-
Other DfE / ESFA grants	33	174	(207)	-	-
Other government grants	-	615	(615)	-	-
Other restricted funds	-	139	(139)	-	-
Pension reserve	(770)	-	(126)	461	(435)
	<u>(735)</u>	<u>3,978</u>	<u>(4,177)</u>	<u>499</u>	<u>(435)</u>
Restricted fixed asset funds					
DfE group capital grants	-	219	(153)	96	162
General fixed assets	2,637	-	-	38	2,675
	<u>2,637</u>	<u>219</u>	<u>(153)</u>	<u>134</u>	<u>2,837</u>
Total restricted funds	<u>1,902</u>	<u>4,197</u>	<u>(4,330)</u>	<u>633</u>	<u>2,402</u>
Unrestricted funds					
General funds	624	330	(331)	(172)	451
	<u>624</u>	<u>330</u>	<u>(331)</u>	<u>(172)</u>	<u>451</u>
Total funds	<u>2,526</u>	<u>4,527</u>	<u>(4,661)</u>	<u>461</u>	<u>2,853</u>

18 Analysis of net assets between funds

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	2,836	2,836
Current assets	822	-	-	822
Creditors falling due within one year	(371)	-	-	(371)
Defined benefit pension liability	-	(435)	-	(435)
Total net assets	<u>451</u>	<u>(435)</u>	<u>2,836</u>	<u>2,852</u>

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	2,628	2,628
Current assets	806	2	47	855
Creditors falling due within one year	(234)	-	-	(234)
Defined benefit pension liability	-	(517)	-	(517)
Total net assets	572	(515)	2,675	2,732

19 Pensions and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £23K (2017: £26K) were payable to the schemes at the year end and have been included in other 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.

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

(Continued)

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 pension costs paid to the TPS in the period amounted to £119k (2017: £136k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are per cent for employers and per cent for employees. The estimated value of employer contributions for the forthcoming year is £75,000. The agreed contribution rates are 25.3% for employers and 5.5%-12.5% for employees.

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

Total contributions made	2018 £'000s	2017 £'000s
Employer's contributions	97	80
Employees' contributions	20	19
Total contributions	117	99
Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	2.5	2.5
Rate of increase for pensions in payment	2.4	2.4
Discount rate	2.8	2.5

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

(Continued)

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

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

	2018 £'000s	2017 £'000s
Discount rate -0.5%	206	202
Salary increase rate +0.5%	38	85
Pension increase rate +0.5%	165	109

The Academy Trust's share of the assets in the scheme

	2018 Fair value £'000s	2017 Fair value £'000s
Equities	614	645
Bonds	406	248
Cash	46	30
Property	93	70
Total market value of assets	1,159	993

Actual return on scheme assets - gain/(loss)	56	242
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Amounts recognised in the statement of financial activities

	2018 £'000s	2017 £'000s
Current service cost	145	121
Past service cost	7	-
Interest income	(26)	(15)
Interest cost	40	31
Total operating charge	166	137

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations		(Continued)	
Changes in the present value of defined benefit obligations		2018 £'000s	2017 £'000s
Obligations at 1 September 2017		1,510	1,429
Current service cost		145	121
Interest cost		40	31
Employee contributions		20	19
Actuarial gain		(121)	(83)
Benefits paid		(7)	(7)
Past service cost		7	-
At 31 August 2018		1,594	1,510
Changes in the fair value of the Academy Trust's share of scheme assets		2018 £'000s	2017 £'000s
Assets at 1 September 2017		993	659
Interest income		26	15
Actuarial gain		30	227
Employer contributions		97	80
Employee contributions		20	19
Benefits paid		(7)	(7)
At 31 August 2018		1,159	993
20 Reconciliation of net expenditure to net cash flow from operating activities		2018 £'000s	2017 £'000s
Net expenditure for the reporting period (as per the Statement of Financial Activities)		(30)	(104)
Adjusted for:			
Capital grants from DfE/ESFA and other capital income		(142)	(77)
Investment income receivable		(3)	(6)
Defined benefit pension costs less contributions payable		55	41
Defined benefit pension net finance cost		14	16
Depreciation of tangible fixed assets		82	71
(Increase) in stocks		(2)	-
Decrease/(increase) in debtors		18	(29)
Increase in creditors		137	105
Net cash provided by operating activities		129	17

APPLECROFT SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21 Commitments under operating leases

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

	2018 £'000s	2017 £'000s
Amounts due within one year	3	3
Amounts due in two and five years	1	4
	<u>4</u>	<u>7</u>

22 Capital commitments

	2018 £'000s	2017 £'000s
Expenditure contracted for but not provided in the financial statements	-	65
	<u>-</u>	<u>65</u>

23 Related party transactions

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

No related party transactions occurred during the period.

24 Members' liability

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