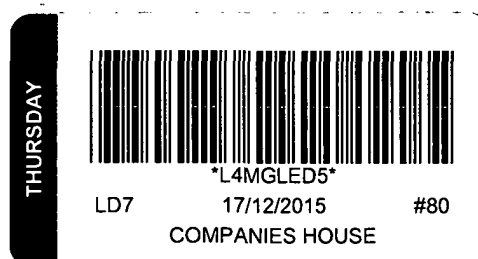


# Alban City Free School Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements  
For the year ended 31 August 2015



# Alban City Free School Limited

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# Alban City Free School Limited

## Reference and Administrative Details

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<b>Governors</b>	L.H. Crawley	(Chair of Governors)
	C. Burke	#
	J.S. Burton	
	J. Garcia	*
	J. Goddard	(Headteacher and Accounting Officer)
	J. M. Graham	
	F.E Higgins	*
	H.C. Isham	
	S.M. Ison	
	L.S. Jubb	
	P.Karim	(appointed 13 October 2014)
	K.L Leahy	
	R.I. Rickwood	
	E.R. Tomlinson	*
	B.N.J Wicks	(appointed 27 November 2014)
<b>Members</b>	# Staff Governor	
	* Parent Governor	
	L.H. Crawley	
	J.M. Graham	
	S.M. Ison	
	L.S. Jubb	
	B.N.J. Wicks	
	R.I Rickwood	(from 1 September 2014)
<b>Principal and Registered Office</b>	7 Hatfield Road St Albans Herts AL1 3RR	
<b>Company Registration Number</b>	07644208	
<b>Independent Auditor</b>	Kingston Smith LLP 105 St Peter's Street St Albans AL1 3EJ	
<b>Bankers</b>	Lloyds Bank PO Box 1000 BX1 1LT	
<b>Solicitors</b>	Debenhams Ottaway 107 St Peter's Street St Albans AL1 3EW	

# Alban City Free School Limited

## Headteacher's Report

Alban City School opened in September 2012. A group of local residents and educationalists came together to set up the school in order to create additional school places in the city centre. The school came about under the Free School agenda and has been supported fully by the Local Authority. The school opened with two Reception classes and each year a further 2 classes have been added. At the end of the academic year, July 2015 there were 180 children in Reception, Year 1 and Year 2 classes. September 2015 saw the school grow to 240 children with the oldest children starting Year 3. Our school will continue to grow until it reaches capacity in September 2018 when the school will be full with 420 children from Reception to Year 6.

The mission statement for our school is "Children, their happiness, well-being and high achievement are the heartbeat of our school." We aim to be an inclusive school where all parents, whatever their circumstances and needs, feel able to entrust their children to us, confident that we will support and guide them to achieve their very best educationally, socially and physically in an environment that puts children's needs at the top of the agenda.

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

A School Development Plan has been written and sets the strategic direction and focus of the school. Funding has been targeted to ensure that the priorities in the School Development Plan are appropriately resourced.

During 2014 the school was inspected by Ofsted. The school was deemed to be a good school with outstanding features. We have taken steps to address areas identified for improvement by the inspection and these continue to be monitored in our systems of self evaluation.

Educational results for 2014/2015 show that all groups of pupils continue to make outstanding progress with Year One phonic screening and KS1 SATs results being above national and Local Authority averages.

As a growing school, staff numbers have continued to rise and towards the end of the year a Deputy Headteacher was appointed from our current staff. This appointment was in line with the governors' long term plan of staff recruitment and development.

The school has continued to build up reserves in funds over the course of the year. These reserves have been set aside for future planned works to accommodate the future increase in number of pupils. The school will need to continue to build up funds in the coming years in order to complete these projects.

Alban City School continues to provide its children with a well-rounded education and we are proud of our contribution we make to the community of St Albans.

Janet Goddard

# Alban City Free School Limited

## Governors' Report

The governors present their annual report together with the financial statements and auditor's report of the company for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

### Structure, Governance and Management

#### Constitution

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

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

Details of the governors who served throughout the year are included in the Reference and Administrative Details on page 1.

#### Members' Liability

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

#### Governors' Indemnities

From 1 September 2014 the company has opted in to the Department of Education's Risk Protection Arrangement. This is a voluntary arrangement for academies and free schools as an alternative to insurance through which the cost of risks that materialise will be covered by government funds.

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

When the company was formed, the members became the first governors of the school. Prior to opening additional governors were appointed and during the current year, two further governors have been appointed who bring different expertise to the governing body.

Alban City School's governing body now comprises of 15 governors including one local authority governor, one staff governor, 3 parent governors and the Headteacher. The Articles of Association require that there be a minimum of 3 governors. The term is 4 years although the governors can resign at any time during this period.

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

With regards to the appointment of community governors, the governing body will ensure that consideration is given to the skills mix of the governors so that they can contribute fully ensure the school's development.

# Alban City Free School Limited

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

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

## **Organisational Structure**

Alban City School's governing body meets at least once a term. The governing body has established 2 committees, Resource and Pupil Achievement, which are expected to meet at least once a term in addition to the full governing body meetings. Each committee has a Terms of Reference which delegates some decisions to each committee. The full governing body meeting receives reports from the committees and any changes to policy documents which may require ratification.

At the first full governing body meeting in the autumn term the governors elect the Chair and Vice Chair of the full governing body and each of the committees.

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

The day to day running of the school is delegated to the Headteacher who is the Accounting Officer as required by the Funding Agreement with the Department of Education. The responsibilities of the Accounting Officer are defined in the Statement of Internal Control on Page 12.

## **Connected Organisations, including Related Party Relationships**

There are no connected organisations.

## **Objectives and Activities**

### **Objects and Aims**

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

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

Alban City School's aims are

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

# Alban City Free School Limited

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

## Objectives, Strategies and Activities

As stated in the School Development Plan for 2014-15, Alban City School has focused on the following objectives during the year:

- To prioritise key issues raised by OFSTED and provide a vehicle for planning how to address them
- To recognise and plan for priorities for improvement as identified by the whole school self-evaluation
- To address targets for improvement identified by all stakeholders including staff, parents, children, governors, advisors, by data collated from the school and from OFSTED
- To ensure the financial management of the school enables this improvement to take place through planned effective financial administration and monitoring
- To ensure that human resource management in school is planned, appropriate and viable, and focused on providing the best possible learning environment for the children
- To anticipate future curriculum changes so that new initiatives can be planned into the school systematically
- To ensure that the physical resources in and around the school – including the school buildings and grounds are maintained and developed to enhance children's learning
- To provide a framework for monitoring and evaluating all aspects of school life to ensure high standards and continuous improvements
- To ensure that staff development has a high priority within the school
- To ensure that clear mechanisms for effective communication within and without the school are in place
- To ensure that the school complies with and meets statutory requirements.

## Public Benefit

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

## Strategic Report

### Achievements and Performance

#### Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular the management of spending against General Annual Grant (GAG) requires special attention.

As funding is based on pupil numbers this is also a key performance indicator. The school had 6 classes during the year (two Reception, two Year 1 and two Year 2) with a total of 178 on roll in September 2014. In September 2015 these children moved up and another 60 places were allocated in Reception. The total number of pupils recorded in the school census in October 2015 was 238.

The governors are kept aware of employee matters particularly with respect to any staff leavers and it is noted that there is very low staff turnover. The school places importance on staff retention

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and development in order to maintain the highest standards of teaching and learning.

## Going Concern

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

## Financial Review

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

The school's financial position for the year ended 31 August 2015 demonstrates total income of £1,245,406 with a surplus at 31 August 2015 of £151,672. The main source of income was from the General Annual Grant provided by the Department for Education. These funds have been used for running the day to day operations of the school.

The surplus has been allocated to reserves. These reserves have been set aside for future planned works to accommodate the future increase in number of pupils. The school will need to continue to build up funds in the coming years in order to complete these projects.

## Reserves Policy

Alban City School aims to carry forward resources from the restricted and unrestricted fund to cover the medium and long term needs for renewal and replacement of major capital projects and unforeseen contingencies. The Department for Education has not set a limit to the amounts which can be carried forward.

The governors have determined that the appropriate level of free reserves should be equivalent to one month of the GAG plus one month of the payroll run, which was approximately £100,000 for the year ended 31 August 2015, rising to approximately £130,000 from September 2015. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The school's level of free reserves at 31 August 2015 was £477,000. This is higher than required as the school is building up short term cash deposits to cover their plans for future building works.

## Investment Policy

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

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

Governors will seek to ensure that any cash not required for operating expenses is placed on deposit at the most favourable rate. If longer term arrangements were required then alternative investment



# Alban City Free School Limited

opportunities would be sought. i.e. Treasury Bonds, long term deposits however, the providers would be selected from the FCA Approved List included in the Financial Services Compensation Scheme (FSCS). The level of deposits with any one provider is restricted to the amount guaranteed by the FSCS.

## Principal Risks and Uncertainties

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

- *Safeguarding and child protection risks*

Governors continue to ensure that high standards are maintained in selecting staff. The Headteacher and all governors who sit on the selection panel have undertaken specialist safeguarding training. The school has a child protection policy and provides training and support in order to protect the vulnerable young children in its care.

- *Reputational Risk*

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

- *Failure in governance/management*

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

- *Significant changes in staff*

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

- *Financial Risk*

The main financial risk to Alban City School is cash flow. The governing body monitors cash flow to ensure that the school has sufficient funds available to meet its debts as they fall due. Over the year the level of reserves has continued to build up which reduces cash flow risk. The governors have assessed the credit risk but as the school's main income is from the Department for Education they feel that this is not an issue as funds are received when due. The school development plan is followed closely to ensure that staffing is sustainable and the upkeep of the site is maintained.

- *Fraud Risk*

The Governors have considered the risk of fraud and have reviewed controls in place to minimise this risk.

During the year the school has paid contributions for some non-teaching staff into the Local Government Pension Scheme, which is a defined benefit pension scheme. At the year end the school has recognised its share of the Local Government Pension Scheme's assets and liabilities in accordance with Financial Reporting Standard No. 17.

# Alban City Free School Limited

## Plans for Future Periods

The objectives for future years at Alban City School are:

- To ensure that the priorities set in the School Development Plan are achieved.
- To ensure that all children reach their full potential.
- To carry out building work as required to accommodate the increasing number of pupils.
- For Governors to ensure the school continues to develop in line with the vision of the school.
- To sign an agreement with Hertfordshire County Council for the long term lease of the school site.

## Funds held as Custodian Trustee on behalf of others

The school does not hold any funds as Custodian Trustee.

## Auditor

In so far as the Governors are aware:

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

Alban City School has reappointed Kingston Smith LLP as auditor.

Trustees' report, incorporating a strategic report, approved by order of the governors, as the company directors, on 4 December 2015 and signed on their behalf by:

**Signed**



**LH Crawley**  
Chair

# Alban City Free School Limited

## Governance Statement

### Scope of Responsibility

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

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

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Trustees responsibilities. The governing body formally met 3 times during the year and attendance at those meetings was as follows:

Governor	Meetings attended	Out of a possible
Linda Crawley (Chair)	3	3
Cathy Burke	2	3
Jennie Burton	2	3
Jo Garcia	3	3
Janet Goddard (Headteacher)	3	3
Janice Graham	3	3
Fiona Higgins	2	3
Hilary Isham	2	3
Sandra Ison	2	3
Lara Jubb	3	3
Paul Karim (appointed 13 October 2014)	2	3
Kate Leahy	1	3
Richard Rickwood	3	3
Elizabeth Tomlinson (appointed 27 November 2014)	2	2
Ben Wicks	2	3

The Resource Committee is a sub-committee of the governing body. Its purpose is to review financial and staffing issues. Attendance at meetings in the year was as follows:

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Governor	Meetings attended	Out of a possible
Richard Rickwood (Chair)	3	3
Jennie Burton	3	3
Linda Crawley	3	3
Janet Goddard (Headteacher)	3	3
Hilary Isham	2	3
Paul Karim (appointed 13 October 2014)	3	3
Ben Wicks	2	3

The Pupil Achievement Committee is also a sub-committee of the governing body. Its purpose is to monitor academic development and results achieved by pupils. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Sandra Ison (Chair)	3	3
Cathy Burke	3	3
Linda Crawley	3	3
Jo Garcia	3	3
Janet Goddard (Headteacher)	3	3
Janice Graham	3	3
Fiona Higgins	3	3
Kate Leahy	2	3
Elizabeth Tomlinson (appointed 27 November 2014)	2	2

## Review of Value for Money

As accounting officer the Headteacher has responsibility for ensuring that Alban City Free School 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 school's use of its resources has provided good value for money during each academic year, and reports to the governing body where value for money can be improved, including the use of benchmarking data where available. The accounting officer for Alban City Free School has delivered improved value for money during the year by:

- regularly monitoring pupil progress and achievement against national results
- employing a Special Educational Needs Co-ordinator to provide support to children with additional needs so that they can progress in line with other children
- developing partnerships with other educational providers and community groups such as University of Hertfordshire, St Albans West Partnership and other local schools
- employing specialist teachers for music, french and sport
- following clear systems for purchasing which are linked to the School Development Plan and ensure best value for money
- regularly reviewing staff training and development, which is linked to performance and appraisal

# Alban City Free School Limited

- maximising income generation by letting rooms to third parties for after school and evening activities
- setting a sound budget and regularly monitoring management accounts and cash flow
- regularly reviewing risks and controls, making sure appropriate steps are taken to mitigate those risks

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Alban City Free School for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

## Capacity to Handle Risk

The governing body has reviewed the key risks to which Alban City Free School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing Alban City Free School's significant risks that has been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. These risks are regularly reviewed by the governing body.

## The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Resource Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- High level of financial expertise amongst members of the Resource Committee;
- 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.

# Alban City Free School Limited

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governing body has appointed Peter Smithson as independent reviewer whose role is to advise on financial matters and perform a range of checks on the school's financial systems. On a termly basis, the independent reviewer reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

During the year the independent reviewer visited the school 3 times and did not report any significant control issues.

## 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 independent reviewer;
- the work of the external auditor;
- the work of the executive managers within Alban City Free School who have responsibility for the development and maintenance of the internal control framework;

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 4 December 2015 and signed on its behalf by:

Signed



**LH Crawley**  
Chair

Signed



**J Goddard**  
Accounting Officer

## Statement on Regularity, Propriety and Compliance

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

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

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

Signed



**J Goddard**  
Accounting Officer

4th December 2015

## Statement of Governors' Responsibilities

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

Company law requires the governors to prepare financial statements for each financial 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 company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

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

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

The governors are responsible for ensuring that in its conduct and operation the company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA 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 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 governing body on 4 December 2015 and signed on its behalf by:

**Signed**



**LH Crawley**  
Chair



# Alban City Free School Limited

## Independent Auditor's Report on the Financial Statements to the Board of Trustees of Alban City Free School Limited

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We have audited the financial statements of Alban City Free School Limited for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report on the Financial Statements to the Board of Trustees of  
Alban City Free School Limited  
(continued)

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

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

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

Kingston Smith LLP

Date: 10<sup>th</sup> December 2015

**Shivani Kothari (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Kingston Smith  
105 St Peters Street  
St Albans  
AL1 3EJ

# Independent Reporting Accountant's Assurance Report on Regularity to Alban City Free School Limited and the Education Funding Agency

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In accordance with the terms of our engagement letter dated 20 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alban City Free School Limited during the period 1 September 2014 to 31 August 2015 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 Alban City Free School Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Alban City Free School Limited and EFA 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 Alban City Free School Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Alban City Free School Limited's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Alban City Free School Limited's funding agreement with the Secretary of State for Education dated 30 March 2012, and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. 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.

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and performance

Independent Reporting Accountant's Assurance Report on Regularity to  
Alban City Free School Limited and the Education Funding Agency (continued)

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**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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kingston Smith LLP

Date: 10th December 2015

**Shivani Kothari (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Kingston Smith  
105 St Peters Street  
St Albans  
AL1 3EJ

# Alban City Free School Limited

Statement of Financial Activities for the year ended 31 August 2015  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total 2014 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	5,806	-	-	5,806	5,521
Activities for generating funds	3	40,863	-	-	40,863	60,648
Investment income	4	3,066	-	-	3,066	4,493
<i>Incoming resources from charitable activities:</i>						
Funding for the Free School's educational operations	5	-	1,156,263	39,408	1,195,671	948,374
<b>Total incoming resources</b>		<b>49,735</b>	<b>1,156,263</b>	<b>39,408</b>	<b>1,245,406</b>	<b>1,019,036</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Fundraising trading		18,326	-	-	18,326	44,551
<i>Charitable activities:</i>						
Free School educational operations	7	-	984,595	78,348	1,062,943	815,663
Governance costs	8	-	11,465	-	11,465	12,762
<b>Total resources expended</b>	6	<b>18,326</b>	<b>996,060</b>	<b>78,348</b>	<b>1,092,734</b>	<b>872,976</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>31,409</b>	<b>160,203</b>	<b>(38,940)</b>	<b>152,672</b>	<b>146,060</b>
Gross transfers between funds	16	-	2,367	(2,367)	-	-
<b>Net income/ (expenditure) for the year</b>		<b>31,409</b>	<b>162,570</b>	<b>(41,307)</b>	<b>152,672</b>	<b>146,060</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) / gains on defined benefit pension schemes	16, 24	-	(1,000)	-	(1,000)	(4,000)
<b>Net movement in funds</b>		<b>31,409</b>	<b>161,570</b>	<b>(41,307)</b>	<b>151,672</b>	<b>142,060</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2014	16	25,735	256,011	151,886	433,632	291,572
<b>Total funds carried forward at 31 August 2015</b>		<b>57,144</b>	<b>417,581</b>	<b>110,579</b>	<b>585,304</b>	<b>433,632</b>

All of the academy's activities derive from continuing operations during the above two financial periods.

# Alban City Free School Limited

## Balance Sheet as at 31 August 2015

	Notes	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Tangible assets	12		110,579		151,886
<b>Current assets</b>					
Stock	13	450		645	
Debtors	14	28,949		30,821	
Cash at bank and in hand		527,920		325,197	
		<u>557,319</u>		<u>356,663</u>	
<b>Liabilities</b>					
Creditors : Amounts falling due within one year	15	(80,594)		(74,917)	
<b>Net current assets/(liabilities)</b>			<u>476,725</u>		<u>281,746</u>
<b>Total assets less current liabilities</b>			587,304		433,632
Pension scheme liability	24		(2,000)		-
<b>Net assets including pension liability</b>			<u>585,304</u>		<u>433,632</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16	110,579		151,886	
General fund	16	419,581		256,011	
Pension reserve	16	(2,000)		-	
<b>Total restricted funds</b>			528,160		407,897
<b>Unrestricted income funds</b>					
General fund	16	57,144		25,735	
<b>Total unrestricted funds</b>			57,144		25,735
<b>Total funds</b>			<u>585,304</u>		<u>433,632</u>

The financial statements on pages 19 to 35 were approved by the trustees, and authorised for issue on 4 December 2015 and are signed on their behalf by:

*Linda Crawley*

L Crawley  
Chair of trustees

*J E Goddard*

J Goddard  
Headteacher

Company number: 07644208

# Alban City Free School Limited

## Cash Flow Statement for the year ended 31 August 2015

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	Notes	2015 £	2014 £
Net cash inflow from operating activities	19	197,290	208,029
Return on investments and servicing of finance	20	3,066	2,493
Capital expenditure	21	2,367	4,550
(Decrease)/Increase in cash in the year	22	<u>202,723</u>	<u>215,072</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		325,197	110,125
Net funds at 31 August 2015		<u>527,920</u>	<u>325,197</u>

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# Alban City Free School Limited

## Notes to the Financial Statements for the year ended 31 August 2015

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### 1 Statement of Accounting Policies

#### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **Going Concern**

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

#### **Incoming Resources**

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

#### **Grants Receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

#### **Donations**

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

#### **Other Income**

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

#### **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.



# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

### 1 Statement of Accounting Policies (continued)

#### Resources Expended

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

#### Costs of Generating Funds

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

#### Charitable Activities

These are costs incurred on the academy trust's educational operations.

#### Governance Costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

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

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

Fixtures, fittings and equipment	<b>5 year straight line</b>
ICT equipment	<b>3 year straight line</b>

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

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### 1 Statement of Accounting Policies (continued)

#### Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

#### Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

#### Taxation

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

#### Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the free school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 29, the TPS is a multi-employer scheme and the free school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the free school 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the free school at the discretion of the trustees.

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

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

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2015

## 2 Voluntary Income

	Unrestricted Funds £	Restricted General Funds £	Total 2015 £	Total 2014 £
Other donations	5,806	-	5,806	5,521
	<u>5,806</u>	<u>-</u>	<u>5,806</u>	<u>5,521</u>

## 3 Activities for Generating Funds

	Unrestricted Funds £	Restricted General Funds £	Total 2015 £	Total 2014 £
Uniform income	438	-	438	483
Hire of facilities	33,690	-	33,690	24,352
Catering income	517	-	517	29,215
Other income	6,218	-	6,218	6,598
	<u>40,863</u>	<u>-</u>	<u>40,863</u>	<u>60,648</u>

## 4 Investment Income

	Unrestricted Funds £	Restricted General Funds £	Total 2015 £	Total 2014 £
Short term deposits	3,066	-	3,066	2,493
Pension fund income	-	-	-	2,000
	<u>3,066</u>	<u>-</u>	<u>3,066</u>	<u>4,493</u>

## 5 Funding for the free school's Educational Operations

	Unrestricted Funds £	Restricted General Funds £	Total 2015 £	Total 2014 £
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	700,788	700,788	494,852
Start Up Grants	-	71,416	71,416	92,769
Capital Grants	-	4,865	4,865	4,551
Other DfE/EFA grants	-	121,752	121,752	36,893
	<u>-</u>	<u>898,821</u>	<u>898,821</u>	<u>629,065</u>
<b>Other Government grants</b>				
Local authority grants	-	12,307	12,307	21,597
Local authority notional rent	-	250,000	250,000	250,000
Local authority capital grants	-	34,543	34,543	47,712
	<u>-</u>	<u>296,850</u>	<u>296,850</u>	<u>319,309</u>
	<u>-</u>	<u>1,195,671</u>	<u>1,195,671</u>	<u>948,374</u>

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2015

## 6 Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other £	Total 2015 £	Total 2014 £
Costs of activities for generating funds	4,433	-	13,893	18,326	44,551
School's educational operations					
Direct costs	440,684	-	30,155	470,839	349,894
Allocated support costs	74,744	326,156	191,204	592,104	465,769
	515,428	326,156	221,359	1,062,943	815,663
Governance costs including allocated support costs	-	-	11,465	11,465	12,762
	519,861	326,156	246,717	1,092,734	872,976
Net income / (expenditure) for the period includes:				2015 £	2014 £
Operating leases:				185	1,112
Fees payable to auditor for:					
Audit				5,100	4,950
Other services				2,520	1,750
				7,805	7,812

## 7 Charitable Activities

	Unrestricted Funds £	Restricted General Funds £	Total 2015 £	Total 2014 £
<b>Direct costs - educational operations</b>				
Teaching and educational support staff costs	-	440,684	440,684	316,787
Technology costs	-	1,455	1,455	5,446
Educational supplies	-	18,631	18,631	21,976
Staff development	-	7,754	7,754	4,105
Educational consultancy	-	2,315	2,315	1,580
	-	470,839	470,839	349,894
<b>Support costs - educational operations</b>				
Support staff costs	-	74,744	74,744	58,811
Depreciation	-	78,348	78,348	70,214
Technology costs	-	13,853	13,853	13,336
Recruitment and support	-	3,934	3,934	1,790
Maintenance of premises and equipment	-	32,279	32,279	8,105
Cleaning	-	9,961	9,961	5,952
Rent & rates	-	261,219	261,219	260,061
Energy costs	-	24,571	24,571	21,611
Insurance	-	8,087	8,087	15,933
Security and transport	-	754	754	939
Catering	-	63,545	63,545	-
Other support costs	-	20,809	20,809	9,017
	-	592,104	592,104	465,769
<b>Total direct and support costs</b>	-	1,062,943	1,062,943	815,663

There are no catering costs shown in 2014 as school dinners were optional in that year so costs were included within fundraising costs. In 2015 Universal Infant Free School Meals were introduced and so the costs of providing school dinners has been shown as part of educational operations.

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2015

## 8 Governance Costs

	Unrestricted Funds £	Restricted General Funds £	Total 2015 £	Total 2014 £
Legal and professional fees	-	2,445	2,445	4,661
Auditor's remuneration:				
Audit of financial statements	-	5,100	5,100	4,950
Other audit costs	-	2,520	2,520	1,750
Support staff costs	-	860	860	861
Trustee training	-	540	540	540
	-	11,465	11,465	12,762

## 9 Staff

### a. Staff costs

	2015 £	2014 £
Staff costs during the period were:		
Wages and salaries	386,844	290,622
Social security costs	21,514	16,781
Pension scheme	64,677	43,932
	473,035	351,335
Supply staff costs	46,826	26,474
	519,861	377,809

### b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Charitable Activities		
Teachers	7	5
Administration and support	10	8
	17	13

### c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No.	2014 No.
£60,001 - £70,000	-	1
£70,001 - £80,001	1	-

The above employee participated in the Teachers' Pension Scheme and contributed £8,965 (2014: £ 6,059)

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

### 10 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

J Goddard (principal and trustee):		
Remuneration	£60,000 - £65,000 (2014: £60,000 - £65,000)	
Employer's pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)	
C Burke (staff trustee):		
Remuneration	£35,000 - £40,000 (2014: £35,000 - £40,000)	
Employer's pension contributions	£5,000 - £10,000 (2014: £nil - £5,000)	
G Muncer (staff trustee - resigned 31 August 2014):		
Remuneration	£nil (2014: £35,000 - £40,000)	
Employer's pension contributions	£nil (2014: £nil - £5,000)	

During the year ended 31 August 2015, travel and subsistence expenses totalling £nil (2014: £nil) were reimbursed or paid directly to trustees.

### 11 Trustees' and Officers' Insurance

The academy trust has opted into the Department of 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 unlimited cover. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

### 12 Tangible Fixed Assets

	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>			
At 1 September 2014	151,183	124,676	275,859
Additions	16,085	20,956	37,041
At 31 August 2015	167,268	145,632	312,900
<b>Depreciation</b>			
At 1 September 2014	46,790	77,183	123,973
Charged in year	33,046	45,302	78,348
At 31 August 2015	79,836	122,485	202,321
<b>Net book values</b>			
At 31 August 2015	87,432	23,147	110,579
At 31 August 2014	104,393	47,493	151,886

### 13 Stock

	2015 £	2014 £
Clothing	450	645
	450	645

### 14 Debtors

	2015 £	2014 £
VAT recoverable	9,174	8,346
Other debtors	14,537	15,570
Prepayments	5,238	6,905
	28,949	30,821

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

### 15 Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	-	542
Taxation and social security	6,815	6,062
Other creditors	7,678	5,831
Accruals and deferred income	66,101	62,482
	<u>80,594</u>	<u>74,917</u>

### Deferred income

	2015 £
Deferred Income at 1 September 2014	47,824
Resources deferred in the year	49,449
Amounts released from previous years	(47,824)
Deferred Income at 31 August 2015	<u>49,449</u>

### Explanation of deferred income held at 31 August 2015

At the balance sheet date the free school was holding funds received in advance from the Department for Education for business rates and capital grant and for Universal Infant Free School Meals for the 2016 academic year.

### 16 Funds

	Balance at 1 September 2014 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2015 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	256,011	700,788	(537,218)	-	419,581
Start Up Grant	-	71,416	(71,416)	-	-
Other DfE/EFA grants	-	113,462	(115,829)	2,367	-
Local Authority grants	-	270,597	(270,597)	-	-
Pension reserve	-	-	(1,000)	(1,000)	(2,000)
	<u>256,011</u>	<u>1,156,263</u>	<u>(996,060)</u>	<u>1,367</u>	<u>417,581</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	-	4,865	(498)	(2,367)	2,000
Capital expenditure from GAG	4,245	-	(3,747)	-	498
Local Authority capital Grants	147,641	34,543	(74,103)	-	108,081
	<u>151,886</u>	<u>39,408</u>	<u>(78,348)</u>	<u>(2,367)</u>	<u>110,579</u>
<b>Total restricted funds</b>	<u>407,897</u>	<u>1,195,671</u>	<u>(1,074,408)</u>	<u>(1,000)</u>	<u>528,160</u>
<b>Unrestricted funds</b>					
Unrestricted funds	25,735	49,735	(18,326)	-	57,144
<b>Total unrestricted funds</b>	<u>25,735</u>	<u>49,735</u>	<u>(18,326)</u>	<u>-</u>	<u>57,144</u>
<b>Total funds</b>	<u>433,632</u>	<u>1,245,406</u>	<u>(1,092,734)</u>	<u>(1,000)</u>	<u>585,304</u>

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the free school at the discretion of the trustees.

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

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

Under the funding agreement with the Secretary of State, the free school was not subject to limits on the amount of GAG that it could carry forward at 31 August 2015.

# Alban City Free School Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2015

## 17 Analysis of Net Assets between Funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	110,579	110,579
Current assets	57,144	500,175	-	557,319
Current liabilities	-	(80,594)	-	(80,594)
Pension scheme liability	-	(2,000)	-	(2,000)
<b>Total net assets</b>	<b>57,144</b>	<b>417,581</b>	<b>110,579</b>	<b>585,304</b>

## 18 Financial Commitments

### Operating Leases

At 31 August 2015 the free school had annual commitments under non-cancellable operating leases as follows:

#### Land and buildings

The free school's buildings are supplied by Hertfordshire County Council on a short term lease with no rent payable by the school. A notional rent and corresponding donation of £250,000 per annum have been recognised in the SOFA.

The market rate of £250,000 was calculated using the market rate per square meter for similar commercial buildings in the St. Albans area.

Other	2015 £	2014 £
Expiring within one year	185	-
Expiring within two and five years inclusive	-	1,112
Expiring in over five years	-	-
	<b>185</b>	<b>1,112</b>

## 19 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2015 £	2014 £
Net income	152,672	146,060
Depreciation (note 15)	78,348	70,214
Capital grants from DfE and other capital income	(39,408)	(52,263)
Interest receivable (note 4)	(3,066)	(2,493)
FRS 17 pension cost less contributions payable (note 24)	2,000	(1,000)
FRS 17 pension finance income (note 24)	(1,000)	(1,000)
(Increase)/decrease in stocks	195	(152)
(Increase)/decrease in debtors	1,872	5,587
Increase/(decrease) in creditors	5,677	43,076
<b>Net Cash Inflow from Operating Activities</b>	<b>197,290</b>	<b>208,029</b>

## 20 Returns on Investments and Servicing of Finance

Interest received	3,066	2,493
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>3,066</b>	<b>2,493</b>



# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

### 21 Capital Expenditure and Financial Investment

Purchase of tangible fixed assets	(37,041)	(47,712)
Capital grants from DfE/EFA	4,865	4,550
Capital funding received from sponsors and others	34,543	47,712
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>2,367</b>	<b>4,550</b>

### 22 Analysis of Changes in Net Funds

	At 1 September 2014 £	Cash Flows £	At 31 August 2015 £
Cash in hand and at bank	325,197	202,723	527,920
<b>Total cash and cash equivalents</b>	<b>325,197</b>	<b>202,723</b>	<b>527,920</b>

### 23 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

### 24 Pension and Similar Obligations

The free school's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are 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 2004 and of the LGPS 31 August 2015.

Contributions amounting to £7,678 (2014: £5,831) were payable to the schemes at 31 August 2015 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

**24 Pension and Similar Obligations (continued)**

**Valuation of the Teachers' Pension Scheme**

Not less than every four years 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 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect 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 of 3.0% in excess of prices and 2% in excess of earnings. The rate or real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

**Teachers' Pension Scheme Changes**

A pension cost paid to TPS in the period amounted to £35,325 (2014: £26,810).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the year ended 31 August 2015 was £34,000, of which employer's contributions totalled £28,000 and employees' contributions totalled £6,000.

The agreed contribution rates for future years are 25.3 per cent for employers and between 5.5 per cent and 12.5 per cent for employees based on salary bands.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

### 24 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.0%	3.9%
Rate of increase for pensions in payment/inflation	2.6%	2.6%
Discount rate for scheme liabilities	3.7%	3.7%
Expected return on assets	3.7%	5.4%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:		
	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.3	22.3
Females	24.5	24.5
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.7	26.7

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:	Expected return at 31 August 2015	Fair value at 31 August 2015 £	Expected return at 31 August 2014	Fair value at 31 August 2014 £
Equities	3.7%	52,000	6.3%	31,000
Bonds	3.7%	22,000	3.3%	11,000
Property	3.7%	6,000	4.5%	3,000
Cash	3.7%	3,000	3.3%	1,000
<b>Total market value of assets</b>		<b>83,000</b>		<b>46,000</b>
Present value of scheme liabilities				
Funded		(85,000)		(46,000)
<b>Surplus/(deficit) in the scheme</b>		<b>(2,000)</b>		<b>-</b>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period.

The actual return on scheme assets was £3,000 (2014: £3,000).

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

### 24 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

	2015 £	2014 £
<b>Amounts recognised in the statement of financial activities</b>		
Current service cost (net of employee contributions)	(30,000)	(16,000)
Total operating charge	<u>(30,000)</u>	<u>(16,000)</u>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	3,000	2,000
Interest on pension liabilities	<u>(2,000)</u>	<u>(1,000)</u>
Pension finance income/(costs)	<u>1,000</u>	<u>1,000</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £5,000 loss (2014: £4,000 loss).

	2015 £	2014 £
<b>Movements in the present value of defined benefit obligations were as follows:</b>		
<b>At 1 September</b>	<b>46,000</b>	<b>14,000</b>
Current service cost	30,000	16,000
Interest cost	2,000	1,000
Employee contributions	6,000	4,000
Actuarial (gain)/loss	1,000	11,000
<b>At 31 August</b>	<b>85,000</b>	<b>46,000</b>
<b>Movements in the fair value of academy's share of scheme assets:</b>	<b>£</b>	<b>£</b>
<b>At 1 September</b>	<b>46,000</b>	<b>16,000</b>
Expected return on assets	3,000	2,000
Actuarial (gain)/loss	-	7,000
Employer contributions	28,000	17,000
Employee contributions	6,000	4,000
<b>At 31 August</b>	<b>83,000</b>	<b>46,000</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £28,000 (2014 £17,000)

The five-year history of experience adjustments is as follows:

	2015 £	2014 £	2013 £
Present value of defined benefit obligations	(85,000)	(46,000)	(14,000)
Fair value of share of scheme assets	83,000	46,000	16,000
Deficit in the scheme	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
<b>Experience adjustments on share of scheme assets</b>			
Amount	-	7,000	-
<b>Experience adjustments on scheme liabilities:</b>			
Amount	-	(9,000)	-

# Alban City Free School Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2015

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### 25 Related Party Transactions

Owing to the nature of the free schools 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 trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the free schools financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.