
WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

The Diocese of St Albans Educational Trust
J Giffiths
D Morton
S Stevenson
D Thornhill
J Reynolds (appointed 21 June 2017)

Governors

A Clough
R Davis
J Griffiths, Chair of Trustees
E Grundy (appointed 28 September 2016)
F Handley
H Langeveld (nee Davis), Head Teacher
S Lavender
R Martins
C McMillian-Jackson (appointed 5 December 2016)
A Rindl
D Stevenson

Company registered number

09016294

Company name

Watford St John's Church of England Primary School

Principal and registered office

9 Monmouth Road, Watford, WD17 1QW

Senior management team

H Langeveld (nee Davis), Head teacher
A Pyatt, Special Educational Needs Coordinator
V Moore, School Business Manager

Independent auditor

Hillier Hopkins LLP, Radius House, 51 Clarendon Road, Watford, Herts, WD17 1HP

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity. It converted from a limited company to academy status upon the signing of the Funding Agreement which took place on 29th April 2016.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Governors of Watford St John's Church of England Primary School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Watford St John's Church of England Primary School.

Details of the Governors who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. Method of recruitment and appointment or election of Governors

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

d. Policies and procedures adopted for the induction and training of Governors

The Induction process is contained within the Governance Plan. All new Governors are provided with an induction pack when they first become a Governor and are required to attend Governor Induction Training (currently provided by Herts for Learning). The training and induction for new Governors is co-ordinated by the Chair of Governors and Governors are expected to attend at least one training event per school year.

e. Organisational structure

The leadership structure consists of the Governors and the Senior Leadership Team (SLT). This aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Headteacher is the Accounting Officer.

The Governors are responsible for setting general policies, adopting a School Development Plan, the annual budget, approving the accounts, monitoring the use of budgets and other data and making major decisions about the strategic direction of the Free School, its capital expenditure and staff appointments.

The SLT consists of the Headteacher, a Special Educational Needs Coordinator (SenCo) and the School Office and Business Manager. The Headteacher, supported by the SLT controls at an executive level, implementing policies set by the Governing Body and/or Headteacher.

The Headteacher, as Principal Accounting Officer, is responsible for the authorisation of spending within agreed budgets; a summary of this is contained in the Schedule of Financial Delegation.

Subject to the provisions of the Companies Act 2006, the Articles and to any directions given by Special Resolution, the business of the Academy Trust shall be managed by the Governors who may exercise all the powers of the Trust. No alteration of the Articles and no such direction shall invalidate any prior act of the Governors which would have been valid if the alteration had not been made or that direction had not been given. The powers given by the Article shall not be limited by any special power given to the Governors by the Articles and a meeting of Governors at which a quorum is present may exercise all the power exercisable by the Governors.

In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the Articles, the Governors shall have the following powers, namely

- a) To expand the funds of the Academy Trust in such manner as they shall consider most beneficial for the achievement of the Object and to invest in the name of the Academy Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Object, and
- b) To enter into contracts on behalf of the Academy Trust.

In the exercise of their powers and functions, the Governors may consider any advice given by the Principal and any other executive officer.

The Governors may delegate any of their powers or functions (including the power to sub-delegate) to any Governor, committee, the Principal or any other holder of an executive office. Any such delegation may be made subject to any conditions the Governors may impose and may be revoked or altered. Where any power or function of the Governors is exercised by any committee, any Governor, Principal or any other holder of an executive office, or a person to whom a power or function has been sub-delegated, that person or committee shall report to the Governors in respect of any action taken or decision made with respect to the exercise of that power or function at the meeting of the Governors immediately following the taking of the action or the making of the decision.

f. Pay policy for key management personnel

The Headteacher's pay is linked to the performance management structure and any recommendations are placed for approval by the Full Governing Body.

g. Connected organisations, including related party relationships

The School uses Xero accounting software. Mr Clough is a Xero Partner and supplies the school's monthly Xero licence to the school at cost.

Platinum Press was also engaged to provide printing services - this is a company owned by a relative of the

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

Headteacher. The services were provided at cost.

Objectives and Activities

a. Objects and aims

The Academy Trust's object is specifically restricted to the following:

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 with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regards to any advice of the Diocesan Board of Education.

b. Objectives, strategies and activities

Our key objectives for the period ending August 2017 were:

- To successfully open our school in September 2016
- To provide a quality education in a caring environment of love and respect
- To deliver and develop the school's curriculum
- To recruit sufficient pupil numbers so that our school is financially viable
- To work with the ESFA to deliver the new school building due to open in September 2018
- To establish the school as a part of the wider community
- To recruit and retain quality staff.

c. Activities for achieving objectives

During the school's first year, the school team worked hard to deliver the opening School Development Plan and to meet the exacting targets which were set for the achievements of the children. They continued to market the school to recruit sufficient pupils to ensure that the school continues to be financially viable and to recruit and retain staff to deliver quality education.

The school worked very closely with the ESFA to deliver the new school building through the year. Planning Permission was granted and building started in August 2017.

d. Main activities undertaken to further the charity's purposes for the public benefit

The school team were established and created an inclusive church school serving a wide community from different backgrounds and faiths (including children of no faith). The school has been very successful in developing links to fulfil our commitment of serving our community.

Strategic report

Achievements and performance

a. Achievements and performance

The school opened in September 2016 and operated at PAN (Published Admissions Number) of 30 and was fully staffed. It was well resourced and processes and systems were developed and embedded. The academic

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

results, which were externally verified, were very pleasing and all the children flourished.

b. Key performance indicators

- Opened within budget
- Achieved as were able to carry forward £20,895 from the pre-development grant
- Aim to open with a surplus
- Achieved - see above
- To finish the financial year in balance
- Achieved - £33,039 of GAG funding has been carried forward into 2017/18. This has provided a firm foundation for our second year in the temporary site, with a view to developing a contingency before moving to the new build.
- To maximise spending to ensure an excellent education is delivered
- As previously mentioned, the End of Year Data showed 70% of the cohort achieving the Good Level of Development. 100% of students made three steps of progress and 97% made 4 or more steps of progress. The expectation is for three steps of progress. Classrooms have been furnished and stocked to ensure that teaching staff have all of the relevant resources to support learning. The SLT have supported by ensuring that resources requested support learning and the office staff have ensure that value for money has been achieved. The PTFA (Friends association) have raised funds to support learning and development.

c. Review of activities

The Governing Body met 6 times (twice a term) and Finance and Premises Committee met 7 times. The Pupil and Standards Committee and the Church and Community Committee met termly and the Admissions Committee met as needed.

d. Investment policy and performance

The purpose of the Investments Policy is to set out the processes by which Academy trustees will meet their duties under the Academy's Articles of Association and Academies Financial Handbook issued by the ESFA to invest monies surplus to operational requirements in furtherance of the Academy's charitable aims and to ensure that investment risk is properly and prudently managed.

Any significant unrestricted reserves are placed on deposit for a period that the school deems will maintain sufficient operating liquidity.

e. Factors relevant to achieve objectives

- Sound financial management and rigorous procedures.
- Recruitment of sufficient pupils for 2017/18
- Recruit and retain high quality staff

Financial review

a. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has

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

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 Accounting Policies.

b. Reserves policy

As a new school, our reserves policy is essentially focused on the level of cash required to be maintained to ensure the continued operation of the school.

The governors have determined that the appropriate level of cash to be maintained should be equivalent to six weeks' average operating expenses. This has been calculated at £7k per week, therefore we aim to maintain cash in the bank to the level of £42,000. This will be primarily based on restricted reserves represented by the main income of the school which is the General Annual Grant (GAG) and carry forward of Project Development Grant.

This level of cash will provide sufficient working capital to cover delays between spending and receipt of income and to provide a cushion to facilitate any unexpected emergencies, such as urgent property maintenance.

The current level set for cash reserves will be reviewed by governors regularly, but at least annually, and is currently planned to be reviewed in January 2018.

As of 31 August 2017, the balance is as follows:

- £1k of unrestricted reserves
- £507k of restricted fixed asset reserves, of which £33k relates to the net book value of tangible fixed assets which can only be realised by disposing of tangible fixed assets and £474k relates to capital funding available to carry forward into the next period
- A deficit of £10k of pension reserve
- £55k of restricted reserves (excluding pension reserve).

The net surplus of restricted and unrestricted funds (excluding pension reserve) is £56k as per note 18. The Trust notes that this is sufficient reserves.

Having a deficit pension reserve is inline with other academies and is a result of a very low long-term gilt yield of the LGPS.

c. Principal risks and uncertainties

The principal identified risks and uncertainties facing the Trust are as follows:

Financial - the Trust is wholly reliant on continued Government funding through the EFSA. In the last year almost 100% of the Trust's incoming resources were Government funded and, whilst this level is expected to continue, 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.

Failures in governance and/or management - the risks in this area arise from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, avoidance of fraud etc

The Trust has appointed an Internal Auditor to carry out quarterly checks on the financial systems and records as required by the Academies Financial Handbook.

Since opening, over the course of our first year, the Trust has identified a need and sought to increase administrative hours and functions. During the summer term our internal audit function identified that the office

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GOVERNORS' REPORT (continued)
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finance and admin function was insufficiently experienced and too thinly stretched to achieve more than financial transactional accuracy; with little time to develop & review month end procedures and tailored management reports.

Outside help has been sought and identified and it is likely that, in the Trust's second year of opening, much of the routine finance function will be outsourced in the same way as the school's catering and HR functions. This will allow the School Business manager to focus on more strategic financial management, budgeting and other areas of the school's evolving administrative functions.

Reputational - the continued success of the school is dependent on attracting pupils in sufficient numbers by attaining the highest educational standards and actively marketing and promoting the school to establish its reputation. The Trust have formed a marketing group to develop a marketing strategy and to exploit social media; the school's already established ethos is to create a wide range of community links and to reach out in service to the local community.

Permanent Site - the school will outgrow its temporary site capacity for pupil numbers with next year's intake. The permanent site is key to every aspect of the Trust's aims. Whilst the Trust, primarily through the Headteacher and Chair of Governors, have input into the planning & design of the premises the contract for the build is between the EFSA and the builders and the Trust are dependent on them both for delivery. Planning has, and is, being undertaken for short term contingencies over the summer and the start to year 3.

Workforce - the success of the Trust is reliant on the quality of its staff and its ability to attract and retain personnel, both staff and governors. The Trustees are monitoring and reviewing the newly implemented policies and procedures to ensure the development and training of staff. In its opening years the Trust planned and has recruited a proportion of high quality and experienced teaching staff. Finances will dictate a greater mix of less experienced staff as the school grows. The Trust is developing creative strategies to retain, develop and grow our own experienced staff over time.

Safeguarding and child protection - the Trustees have ensured that the highest standards have been established from our outset by the selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. Our core values of Love & Respect, straight from the heart of our Church of England ethos, inform and underpin this most important of all areas.

d. Principal funding

General Annual Grant from the Education and Skills Funding Agency (ESFA).

In the Year 2015/16, as a new school we were granted access to capital grants totalling £543,109 from the EFSA in relation to buildings, ICT and Furniture which the school is drawing from. As at 31 August 2017, funds of £473,718 is available to carry forward into the next financial period.

Plans for future periods

a. Future developments

The key future developments are readying the school for the move to the permanent accommodation in August 2018. The first two years of operation will provide a benchmark in relation to some aspects of the school, whilst others will be dependent upon the design of the new building. The Governors will continue to monitor expenditure and review the financial forecasts.

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

Funds held as custodian

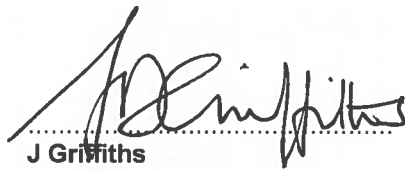
Currently, there are no funds held.

Disclosure of information to auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Governors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on *20/12/17* and signed on its behalf by:



J Griffiths
Chair of Trustees

20/12/17

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Watford St John's Church of England Primary 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 trustees 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 Watford St John's Church of England Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

An external review of governance has just been completed and we are awaiting the findings to be confirmed and actioned.

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
A Clough	5	6
R Davis	4	6
J Griffiths, Chair of Trustees	5	6
E Grundy	6	6
F Handley	5	6
H Langeveld (nee Davis), Head Teacher	6	6
S Lavender	5	6
R Martins	3	6
C McMillan-Jackson	5	5
A Rindl	4	6
D Stevenson	5	6

Within the period, Mrs C McMillan-Jackson was elected to the Board of Trustees as parent governor. All other governors remain unchanged but the Mrs A Hadley became a parent governor until the size of the parent body increases from September 2017. The Board have been instrumental in this opening year in supporting the SLT in the effective establishment of the school and of its administrative policies and processes. There are many challenges that have been faced and are still being faced due to the new building project and the need to establish the school and effectively recruit pupils which is above and beyond that required in a fully established school. Governors are regularly at school, not only for attendance at committee meetings, but also on school visits, and are pleased with the progress that they have seen when reviewing data alongside seeing the school in its daily operation. The quality of data available to the board is of a good standard and is rigorously reviewed by the appropriate committees, attended by those with the relevant skills. The data is also scrutinised by an external School Improvement Partner, Alan Phair, Herts Assessment Team and Education Consultant for the Diocese of St Albans.

The Finance and Resources committee is a subcommittee of the main board of trustees. Its purpose is to work with the Headteacher, as accounting officer, and the business manager to ensure that financial decisions enable the school to provide value for money, and to ensure that processes are compliant with The Academies Financial Handbook.

Attendance at meetings in the year was as follows:

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GOVERNANCE STATEMENT (continued)

Governor	Meetings attended	Out of a possible
R Davis (Chair)	6	6
J Griffiths	5	6
F Handley	5	6
H Langeveld	6	6
A Clough	5	6

Review of Value for Money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Ensuring that the office staff conducts appropriate tests to ensure that value for money is being achieved. One area for improvement has been highlighted to ensure that these provce checks are recorded.
- Working with suppliers to provide best value for money.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Watford St John's Church of England Primary School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

The underlying school systems and processes have evolved and developed over the year and will continue to change, as required, through the relocation to the new build and our period of establishment in our permanent site.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;

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GOVERNANCE STATEMENT (continued)

- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Mr Clough as internal auditor.

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

Quarterly auditor reports - these include a range of checks including but not limited to:

- Review of the bank and credit card accounts
- Review of unusual items identified by the Xero Assurance Dashboard and Reconciliation Reports including VAT audit report
- Review of the Period's Management report - Executive Summary, Cash Summary, P&L, Balance sheet, aged payables and receivables and credit notes issued.
- Review of the tracking of funds - restricted and designated
- Spot checking of the Purchase Order to Goods Delivery and Invoice payment cycle

On a quarterly basis, the internal auditor report to the board of trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The appointee has delivered their schedule of work as planned. As a new school, this has included working with the school to identify weaknesses and implement controls.

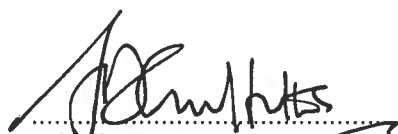
Review of Effectiveness

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 financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 20/12/17 and signed on their behalf, by:


.....
J Griffiths
Chair of Trustees
20/12/17


.....
H Langeveld
Accounting Officer
20/12/17

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Watford St John's Church of England Primary School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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


.....
H Langeveld
Accounting Officer

20/12/17

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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who act as governors of Watford St John's Church of England Primary School and are also the directors of the charitable 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 and 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:

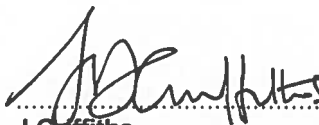
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the 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 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 trustees on 20/12/17 and signed on its behalf by:


.....
J Griffiths
Chair of Trustees
20/12/17

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL**

Opinion

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

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

In our opinion the financial statements:

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

Basis 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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'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.

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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concern basis of accounting unless the Governors either intend to liquidate the academy or to cease operations, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: *21st December 2017*

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

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

This report is made solely to Watford St John's Church of England Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Watford St John's Church of England Primary School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Watford St John's Church of England Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Watford St John's Church of England Primary School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Watford St John's Church of England Primary School's funding agreement with the Secretary of State for Education dated 29 April 2016, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATFORD
ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING
AGENCY (continued)**

- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Hillier Hopkins LLP

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: *21st June 2017*

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**


	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	2,764	822	-	3,586	543,109
Charitable activities	3	1,408	397,338	-	398,746	207,379
Other trading activities	4	17,733	-	-	17,733	715
Investments	5	55	-	-	55	115
Total income		21,960	398,160	-	420,120	751,318
Expenditure on:						
Raising funds	6	20,961	-	-	20,961	-
Charitable activities		372	399,612	20,167	420,151	178,905
Total expenditure	9	21,333	399,612	20,167	441,112	178,905
Net income / (expenditure) before transfers		627	(1,452)	(20,167)	(20,992)	572,413
Transfers between Funds	18	-	23,671	(23,671)	-	-
Net income / (expenditure) before other recognised gains and losses		627	22,219	(43,838)	(20,992)	572,413
Actuarial gains on defined benefit pension schemes	22	-	2,000	-	2,000	-
Net movement in funds		627	24,219	(43,838)	(18,992)	572,413
Reconciliation of funds:						
Total funds brought forward		757	21,051	550,605	572,413	-
Total funds carried forward		1,384	45,270	506,767	553,421	572,413

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REGISTERED NUMBER: 09016294

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	15		33,049		7,496
Current assets					
Debtors	16	495,921		547,831	
Cash at bank and in hand		95,412		42,831	
		<u>591,333</u>		<u>590,662</u>	
Creditors: amounts falling due within one year	17	(60,961)		(25,745)	
Net current assets			530,372		564,917
Total assets less current liabilities			563,421		572,413
Defined benefit pension scheme liability	22		(10,000)		-
Net assets including pension scheme liabilities			553,421		572,413
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	55,270		21,051	
Restricted fixed asset funds	18	506,767		550,605	
Restricted income funds excluding pension liability		<u>562,037</u>		<u>571,656</u>	
Pension reserve		(10,000)		-	
Total restricted income funds			552,037		571,656
Unrestricted income funds	18		1,384		757
Total funds			553,421		572,413

The financial statements on pages 19 to 42 were approved by the Governors, and authorised for issue, on and are signed on their behalf, by:


 J Griffiths
 Chair of Trustees
 20/12/17

WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>98,246</u>	<u>(568,432)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		55	115
Purchase of tangible fixed assets		(45,720)	(7,826)
Capital grants from DfE/ESFA		-	543,109
Net cash (used in)/provided by investing activities		<u>(45,665)</u>	<u>535,398</u>
Change in cash and cash equivalents in the year		52,581	(33,034)
Cash and cash equivalents brought forward		<u>42,831</u>	<u>75,865</u>
Cash and cash equivalents carried forward	21	<u><u>95,412</u></u>	<u><u>42,831</u></u>

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

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Watford St John's Church of England Primary School constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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.

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

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

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

1. Accounting Policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and 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 allocated on the portion of the asset's use.

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £100 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	20% reducing balance
Office equipment	-	33% reducing balance
Computer equipment	-	50% reducing balance

1.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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

1. Accounting Policies (continued)

1.7 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Taxation

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

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

1. Accounting Policies (continued)

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 Fund accounting

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

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.

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

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

1. Accounting Policies (continued)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme (LGPS) defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed on 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Valuation of tangible fixed assets:

Trustees have considered the value of tangible fixed assets. Changes in the circumstances of expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount.

Impairments are reversed if conditions for impairment are no longer present, due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The trustees have concluded that the valuation of intangible fixed assets at the year end are appropriate.

Depreciation and residual values:

The trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

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

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	2,764	822	-	3,586	-
Government grants	-	-	-	-	543,109
	<u>2,764</u>	<u>822</u>	<u>-</u>	<u>3,586</u>	<u>543,109</u>
<i>Total 2016</i>	<u>(73)</u>	<u>-</u>	<u>543,182</u>	<u>543,109</u>	

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	262,431	262,431	-
Pupil Premium	-	770	770	-
Universal Infant Free School Meals income	-	12,673	12,673	-
Other EFA grants	-	40,415	40,415	-
Start up grants	-	80,500	80,500	207,379
Rates relief	-	549	549	-
	<u>-</u>	<u>397,338</u>	<u>397,338</u>	<u>207,379</u>
Other funding				
Trip income	997	-	997	-
Catering income	411	-	411	-
	<u>1,408</u>	<u>-</u>	<u>1,408</u>	<u>-</u>
	<u>1,408</u>	<u>397,338</u>	<u>398,746</u>	<u>207,379</u>
<i>Total 2016</i>	<u>-</u>	<u>207,379</u>	<u>207,379</u>	

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

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Breakfast and after school club income	16,873	-	16,873	-
Other income	860	-	860	715
	<u>17,733</u>	<u>-</u>	<u>17,733</u>	<u>715</u>
<i>Total 2016</i>	<u>715</u>	<u>-</u>	<u>715</u>	

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest income	55	-	55	115
<i>Total 2016</i>	<u>115</u>	<u>-</u>	<u>115</u>	

6. Costs of raising funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Costs of raising funds	3,091	-	3,091	-
Costs of raising funds - staff costs	17,870	-	17,870	-
	<u>20,961</u>	<u>-</u>	<u>20,961</u>	<u>-</u>

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

7. Direct costs

	Educational activities £	Total 2017 £	Total 2016 £
Educational supplies	20,747	20,747	1,565
Staff development	2,338	2,338	-
Educational consultancy	765	765	26,993
Trip expenditure	1,280	1,280	-
Other support costs	2,718	2,718	-
Wages and salaries	132,622	132,622	4,752
National insurance	12,950	12,950	-
Pension cost	22,867	22,867	-
	<u>196,287</u>	<u>196,287</u>	<u>33,310</u>
<i>At 31 August 2016</i>	<u>33,310</u>	<u>33,310</u>	

8. Support costs

	Educational activities £	Total 2017 £	Total 2016 £
FRS102 pension costs	1,000	1,000	-
Staff development	2,260	2,260	933
Rent and rates	32,883	32,883	11,355
Repairs and maintenance	2,717	2,717	3,316
Catering costs	23,994	23,994	5,549
Technology costs	1,813	1,813	1,152
Insurance costs	4,128	4,128	310
Heat and light costs	1,747	1,747	-
Cleaning and caretaking costs	16,458	16,458	-
Professional fees	26,844	26,844	16,405
Other support costs	16,438	16,438	30,378
Governance costs	14,650	14,650	3,216
Wages and salaries	37,390	37,390	56,091
National insurance	2,305	2,305	6,095
Pension cost	19,070	19,070	10,392
Depreciation	20,167	20,167	403
	<u>223,864</u>	<u>223,864</u>	<u>145,595</u>
<i>At 31 August 2016</i>	<u>145,595</u>	<u>145,595</u>	

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9. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Costs of raising funds	17,870	940	2,151	20,961	-
Educational activities:					
Direct costs	168,439	-	27,848	196,287	28,558
Support costs	58,765	54,745	110,354	223,864	150,347
	<u>245,074</u>	<u>55,685</u>	<u>140,353</u>	<u>441,112</u>	<u>178,905</u>
<i>Total 2016</i>	<u>77,330</u>	<u>11,890</u>	<u>89,685</u>	<u>178,905</u>	

10. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	20,167	403
Auditor's remuneration - audit - current year	5,500	-
Auditor's remuneration - other services	3,150	-
Auditor's remuneration - audit - prior year	4,250	-
	<u>33,067</u>	<u>403</u>

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11. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	183,635	60,843
Social security costs	16,178	6,095
Operating costs of defined benefit pension schemes	45,086	10,392
	<u>244,899</u>	<u>77,330</u>
Agency supply teacher costs	175	-
	<u>245,074</u>	<u>77,330</u>

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

	2017 No.	2016 No.
Teachers	1	0
Support and administration	7	1
Management	2	1
	<u>10</u>	<u>2</u>

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel of the academy trust comprise the trustees and the senior management 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 £116,334 (2016: £44,278).

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12. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2017 £	2016 £
H Langeveld (nee Davis), Head	Remuneration	55,000-60,000	35,000-40,000
Teacher	Pension contributions paid	5,000-10,000	5,000-10,000
A Handley*	Remuneration	10,000-15,000	0-5,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2017, no Governors received any reimbursement of expenses (2016 - £NIL to nil Governors).

13. 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 Governors' and officers' indemnity element from the overall cost of the RPA scheme.

14. Other finance income

	2017 £	2016 £
Interest on pension scheme liabilities	<u>(1,000)</u>	<u>-</u>

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15. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 September 2016	5,760	1,417	757	7,934
Additions	11,550	234	33,936	45,720
At 31 August 2017	<u>17,310</u>	<u>1,651</u>	<u>34,693</u>	<u>53,654</u>
Depreciation				
At 1 September 2016	-	60	378	438
Charge for the year	3,454	760	15,953	20,167
At 31 August 2017	<u>3,454</u>	<u>820</u>	<u>16,331</u>	<u>20,605</u>
Net book value				
At 31 August 2017	<u>13,856</u>	<u>831</u>	<u>18,362</u>	<u>33,049</u>
At 31 August 2016	<u>5,760</u>	<u>1,357</u>	<u>379</u>	<u>7,496</u>

16. Debtors

	2017 £	2016 £
Trade debtors	12,390	769
Other debtors	3,014	3,953
Prepayments and accrued income	480,517	543,109
	<u>495,921</u>	<u>547,831</u>

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	40,861	24,744
Other taxation and social security	-	221
Other creditors	810	780
Accruals and deferred income	19,290	-
	<u>60,961</u>	<u>25,745</u>

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17. Creditors: Amounts falling due within one year (continued)

	2017	2016
	£	£
Deferred income		
Resources deferred during the year	8,198	-

At the balance sheet date, the academy trust was holding Universal Infant Free School Meal income and Pupil Premium income relating to the 2017/18 financial year.

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18. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	757	21,960	(21,333)	-	-	1,384
Restricted funds						
Project Development Grant	21,051	-	(156)	-	-	20,895
General Annual Grant (GAG)	-	262,431	(253,063)	23,671	-	33,039
Pupil Premium	-	770	-	-	-	770
Rates Relief	-	549	(549)	-	-	-
UIFSM	-	12,673	(12,673)	-	-	-
Other ESFA income	-	40,415	(40,415)	-	-	-
Start up grants	-	80,500	(80,500)	-	-	-
Restricted donations	-	822	(256)	-	-	566
Pension reserve	-	-	(12,000)	-	2,000	(10,000)
	<u>21,051</u>	<u>398,160</u>	<u>(399,612)</u>	<u>23,671</u>	<u>2,000</u>	<u>45,270</u>
Restricted fixed asset funds						
Restricted Fixed Assets	7,496	-	(20,167)	45,720	-	33,049
ESFA capital grants	543,109	-	-	(69,391)	-	473,718
	<u>550,605</u>	<u>-</u>	<u>(20,167)</u>	<u>(23,671)</u>	<u>-</u>	<u>506,767</u>
Total restricted funds	<u>571,656</u>	<u>398,160</u>	<u>(419,779)</u>	<u>-</u>	<u>2,000</u>	<u>552,037</u>
Total of funds	<u><u>572,413</u></u>	<u><u>420,120</u></u>	<u><u>(441,112)</u></u>	<u><u>-</u></u>	<u><u>2,000</u></u>	<u><u>553,421</u></u>

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds	-	757	-	-	-	757
	<u>-</u>	<u>757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757</u>

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18. Statement of funds (continued)

Restricted funds

Project Development Grant	-	207,379	(178,502)	(7,826)	-	21,051
	-	207,379	(178,502)	(7,826)	-	21,051

Restricted fixed asset funds

Restricted Fixed Assets	-	73	(403)	7,826	-	7,496
ESFA capital grants	-	543,109	-	-	-	543,109
	-	543,182	(403)	7,826	-	550,605
Total restricted funds	-	750,561	(178,905)	-	-	571,656
Total of funds	-	751,318	(178,905)	-	-	572,413

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the academy that has been provided via the Education & Skills Funding Agency (ESFA) by the Department for Education. The GAG fund must be used for the normal running costs of the academy.

Universal Infant Free School Meal income represents funding for schools to offer free school meals to all pupils in reception, year 1 and year 2.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school meals. The purpose is to raise attainment of disadvantaged pupils and to close the gap between them and their peers.

The Project Development Grant is funding received from the ESFA for the purposes of setting up the academy.

Included in restricted fixed asset funds carried forward is an ESFA grant for capital expenditure of £473,718 (2016: £543,109) carried forward from the prior year but unspent by 31 August 2017.

The transfer of £23,679 from the restricted fund to the restricted fixed asset fund represents expenditure from the ESFA capital grants on non-capital items, as permitted by the terms of the grant.

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

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19. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	33,049	33,049
Current assets	1,384	116,231	473,718	591,333
Creditors due within one year	-	(60,961)	-	(60,961)
Provisions for liabilities and charges	-	(10,000)	-	(10,000)
	<u>1,384</u>	<u>45,270</u>	<u>506,767</u>	<u>553,421</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	7,496	7,496
Current assets	757	46,796	543,109	590,662
Creditors due within one year	-	(25,745)	-	(25,745)
	<u>757</u>	<u>21,051</u>	<u>550,605</u>	<u>572,413</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(20,992)	572,413
Adjustment for:		
Depreciation charges	20,167	403
Dividends, interest and rents from investments	(55)	(115)
Decrease/(increase) in debtors	53,422	(546,891)
Increase/(decrease) in creditors	33,704	(51,133)
Capital grants from DfE and other capital income	-	(543,109)
Defined benefit pension scheme cost less contributions payable	12,000	-
Net cash provided by/(used in) operating activities	<u>98,246</u>	<u>(568,432)</u>

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21. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	95,412	42,831
Total	<u>95,412</u>	<u>42,831</u>

22. Pension commitments

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

As described in note the LGPS obligation relates to the employees of the academy trust, who were new employees who were eligible to, and did, join the Scheme in the period ended 31 August 2017.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge

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22. Pension commitments (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £17,816 (2016 - £Nil).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £25,000 (2016 - £Nil), of which employer's contributions totalled £19,000 (2016 - £Nil) and employees' contributions totalled £6,000 (2016 - £Nil). The agreed contribution rates for future years are 25.3% for employers and 5.5% to 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	-
Rate of increase in salaries	2.50 %	-
Rate of increase for pensions in payment / inflation	2.40 %	-

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

	2017	2016
Retiring today		
Males	22.5 years	
Females	24.9 years	
Retiring in 20 years		
Males	24.1 years	
Females	26.7 years	

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22. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	<i>Fair value at 31 August 2016 £</i>
Equities	18,200	-
Bonds	7,000	-
Property	1,960	-
Cash	840	-
Total market value of assets	28,000	-

The actual return on scheme assets was £3,000 (2016 - £Nil).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	<i>2016 £</i>
Current service cost	(30,000)	-
Interest cost	(1,000)	-
Total	(31,000)	-

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

	2017 £	<i>2016 £</i>
Current service cost	30,000	-
Interest cost	1,000	-
Employee contributions	6,000	-
Actuarial losses	1,000	-
Closing defined benefit obligation	38,000	-

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22. Pension commitments (continued)

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

	2017 £	2016 £
Actuarial losses	3,000	-
Employer contributions	19,000	-
Employee contributions	6,000	-
	<hr/>	<hr/>
Closing fair value of scheme assets	28,000	-
	<hr/> <hr/>	<hr/> <hr/>

23. Operating lease commitments

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	30,000	30,000
Between 1 and 5 years	30,000	60,000
	<hr/>	<hr/>
Total	60,000	90,000
	<hr/> <hr/>	<hr/> <hr/>

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

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25. Related party transactions

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

During the accounting period, the academy made purchases relating to the hire of the Church hall totalling £30,000 (2016: £13,284) and other charges of £6,612 (2016: £nil) from Watford St John's Parochial Church Council, related by virtue of trustees A Clough, R Davis and D Stevenson also being members of Watford St John's Parochial Church Council. £nil (2016: £7,500) was due to Watford St John's Parochial Church Council at year end.

During the accounting period, the academy made purchases relating to cleaning and caretaking services totalling £16,547 (2016: £nil) from Watford Grammar School for Girls Services Limited, which is related by virtue of trustee A Rindl also being a trustee of Watford Grammar School for Girls group. At the year end, £nil was outstanding as due to Watford Grammar School for Girls Services Limited (2016: £nil).

During the accounting period, the academy made purchases relating to the supply of professional consultancy services totalling £5,430 (2016: £10,200) from IP Squared Limited, a company in which trustee A Clough is a director. £nil (2016: £3,595) was due to IP Squared Limited at year end. Purchases have been supplied at cost.

During the accounting period, the academy made purchases relating to printing costs totalling £348 (2016: £948) from Platinum Press Limited, a company related by virtue of a director of the company being a close family member of trustee H Langeveld. £nil (2016: £nil) was due to Platinum Press Limited at year end. Purchases have been supplied at cost.