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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 2018**

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**Members**

The Diocese of St Albans Educational Trust. Represented during the year by the Venerable Janet MacKenzie, Archdeacon of Hertford.

J Griffiths

D Morton

D Stevenson

D Thornhill

J Reynolds

**Trustees**

A Clough

R Davis

J Griffiths, Chair of Trustees

E Grundy

F Handley

H Langeveld (nee Davis), Head Teacher

S Lavender (resigned 20 August 2018)

R Martins

C McMillian-Jackson

A Rindl

D Stevenson

J Conn

**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

**Chief executive officer**

H Langeveld

**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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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates a single academy, Watford St John's Church of England Primary School, for pupils aged 4 - 11 in central Watford. Currently the school has 116 pupils on roll as per the autumn census on 4th October 2018. The school operated as 1 f.e. For the first 2 years of its existence due to the constraints of the temporary accommodation. In September 2018, the school reverted back to its intended 2 f.e. intake for Reception.

### **Structure, governance and management**

#### **a. Constitution**

The academy is a charitable company limited by guarantee and an exempt charity.

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

The Trustees 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 Trustees who served during the 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. Trustees' indemnities**

The academy is a member of the Risk Protection Arrangement (RPA). Under this arrangements, the limit of liability shall be £10,000,000 each and every loss.

#### **d. Method of recruitment and appointment or election of Trustees**

The management of the academy is the responsibility of the Trustees who are elected an co-opted under the terms of the articles of association. These are contained in articles 45 - 59.

The members of the Trust appoint appoint a minimum of 8 Trustees of whom the incumbent is both a Member and a Trustee. The members may appoint up to 2 staff Trustees through such process as they may determine. It is expected that the Head teacher will be a Trustee, except where they elect not to be. The two parent Trustees shall be elected by parents of registered pupils at the academy. If the number of parents standing for election is less than the number of vacancies, the Trustees may appoint a parent Trustee. In this case, they shall appoint a parent of a registered pupil at the school or, where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age. The Trustees, with the consent of the Diocesan Board of Education, may appoint up to 2 co-opted Trustees for such term (not exceeding four years) and

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

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otherwise upon such conditions as they shall think fit. The Trustees may not co-opt an employee of the Trust as a co-opted Trustee if thereby the number of Trustees who are employees of the Trust would exceed one third of the total number of Trustees (including the Head teacher).

**e. Policies and procedures adopted for the induction and training of Trustees**

The Induction process is contained within the Governance Plan. All new Trustees are provided with an induction pack when they first become a Trustee and are required to attend Trustee Induction Training (currently provided by Herts for Learning). The training and induction for new Trustees is co-ordinated by the Chair of Trustees and Trustees are expected to attend at least one training event per school year. This may take the form of completing online training depending upon the training need.

**f. Organisational structure**

The leadership structure consists of the Trustees 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.

The Head teacher is the Accounting Officer.

The Trustees 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 Head teacher, a Special Educational Needs Coordinator (SenCo) and the School Office and Business Manager. The Head teacher, supported by the SLT controls at an executive level, implementing policies set by the Board of Trustees 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 Trustees 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 Trustees 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 Trustees by the Articles and a meeting of Trustees at which a quorum is present may exercise all the power exercisable by the Trustees.

In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the Articles, the Trustees 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 expand 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 Trustees may consider any advice given by the Principal and any other executive officer.

The Trustees may delegate any of their powers or functions (including the power to sub-delegate) to any Trustee, committee, the Principal or any other holder of an executive office. Any such delegation may be made

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

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subject to any conditions the Trustees may impose and may be revoked or altered. Where any power or function of the Trustees is exercised by any committee, any Trustee, 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 Trustees in respect of any action taken or decision made with respect to the exercise of that power or function at the meeting of the Trustees immediately following the taking of the action or the making of the decision.

**g. 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 Board of Trustees.

**Trade union facility time**

The trust does not employ more than 49 full time equivalent employees. However, for transparency, we have no employees who were relevant union officials during the relevant period.

**h. Connected organisations, including related party relationships**

The Parochial Parish Council (PCC) of St John's is linked to the school and its vicar and church wardens are Trustees. The School rents the former school site in Estcourt Road from the PCC at commercial rates, as approved by the Department for Education. Through the lease, the school also pays a proportion of the utilities for this property to the PCC. During 17/18, the PCC also contributed to the payroll of the community missionary, although this role ceased to exist during the financial year.

The School uses Xero accounting software. Mr Clough, a Trustee, 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 Headteacher. The services were provided at cost.

In relation to other schools, Watford Grammar School for Girls provides the school with caretaking, cleaning and IT support, and training has been purchased from the Wroxham School.

**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.

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

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**b. Objectives, strategies and activities**

Our key objectives for the period ending August 2018 were:

- 1. To provide a quality education in a caring environment of love and respect**  
In 17/18 we continued to extend our ethos of Growing Together in Love and Respect incorporating our vision of Educational Excellence, Development of the Whole Child, Christian Ethos and Community Spirit. Alongside this we continued to develop a whole school Growth Mindset approach with a Low Threat High Challenge for all learners. Pupil Voice, Parent Voice and SIP reports evidence a nurturing environment and the embedding of the 11 values and including Love and Respect.  
End of year data evidences good and better progress from starting points.  
EYFS: 71% Good Level of Development (Baseline 80% + below Age Related Expectation) (National 71%).  
Y1: 85% Phonic Screening Check (National 81%).
- 2. To deliver and develop the school's curriculum**  
In collaboration with the teachers, pupils interests, Trustees and parent voice the KS1 Curriculum was launched and further developed over the academic year. An active, engaging and challenging curriculum enabled the good progress and attainment recorded above. Children had opportunities to learn through a structured curriculum based on the National Curriculum but with greater depth and breadth involving community learning opportunities both in and outside of school. The school is proud of the balance achieved between academic and SMSC and both support each other.
- 3. To recruit sufficient pupil numbers so that our school is financially viable**  
For 17/18, we maintained our pupil numbers when our initial Reception class transitioned to Year One, with a small number of vacancies being quickly filled. Our recruitment for the new Reception class did lead to applications exceeding the number of places available. However, this did not translate into a achieving a full Reception class, resulting in a number of vacancies, some of which remain unfilled at this time. It is noted that 17/18 was the first year in a number of years where the number of school places in Watford exceeded demand, and where there was additional demand, it was not in the location of our school. Unlike other schools, we were not in a position to guarantee a percentage of places being filled by siblings. This obviously affected funding. However, we are pleased to report that, from September 2018, we have our two new reception classes filled with 60 children with a small waiting list, some of which are siblings from our older pupils.
- 4. To work with the ESFA to deliver the new school building due to open in September 2018**  
The new school building was handed over on 3rd September and our pupils started on 10th September 2018. The Trustees and school staff worked tirelessly to ensure that the building was delivered on time and was able to provide the facilities required for an urban school to deliver quality education. The agreement for a rooftop playground was achieved and is a special and essential part of the school. The school community will continue over this initial first year of settling into the new building to work through new processes and to ensure that the new building will be fully functional as it grows towards full capacity of 420 children.
- 5. To establish the school as a part of the wider community**  
St John's school works in close partnership with St John's Church with mutual respect to be a strength for the whole of the parish and beyond. With the new build becoming a visible part of the skyline St John's emerged further into the local community. The Friends of St John's (FOSTJS's) had a large impact on establishing the school as part of the community and bringing the community into school.  
A variety of fundraising events enabled the school to create further positive relationships and also helped to market the school. The FOSTJS's were a huge driver in creating many of the following links with the community.

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**TRUSTEES' REPORT (continued)**  
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The school has good working links with the Watford UTC and the University of Hertfordshire and have links to local charities such as the Watford Blind Centre and the Watford and Three Rivers Refugee Project. We have made strong links with local businesses who have supported our school, with kind donations of their time as well as monetary.

Children benefited in a variety of ways from local trips to Nando's, Wagamamas, three Forest Days in Cassiobury Park, St Albans Cathedral, the Natural History Museum, London Zoo and a whole school trip to the local theatre in Radlett. A group of children took part in the St Mary's Christmas Tree Festival. All these connections enable the school to be part of the wider community and contribute overall to the school's contribution towards benefitting the public.

**6. To recruit and retain quality staff.**

For 17/18, we recruited an experienced KS1 teacher, who has since become our KS1 Lead in the current year. We retained our experience EYFS teacher, who has this year become our KS1 lead. Following a successful recruitment process, a student teacher hosted in 17/18 has become a class teacher for this year. Currently, all class teacher posts are filled.

**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 work started in August 2017.

**d. Public benefit**

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The public benefit activities are as detailed above. The school prides itself on being an active member of the community with public benefit extending beyond the school walls.

**Strategic report**

**Achievements and performance**

**a. Achievements and performance**

The academic year 2017/18 was our second year of operation and our final year in our temporary accommodation. An enormous effort was undertaken in 17/18 to ensure that the new building was fit for purpose and ready to start the new academic year in September 2018. The Trustees would like to acknowledge the hard work of all the staff and the Trustees for their involvement in this major project. This is in relation to both the planning for the new build and in the physical decant from one premise to another. The staff worked tirelessly in the first week of September 2018 to learn the new processes and procedures, undertake training and make ready the school for the pupils to attend. The pupils and their families have provided positive feedback on their new premises, as have visitors, and this is a credit to everyone involved in the school.

Academic achievements for the two year groups evidenced the quality of the teaching and learning.

End of year data evidences good and better progress from starting points.



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**TRUSTEES' REPORT (continued)**  
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EYFS: 71% Good Level of Development (Baseline 80% + below Age Related Expectation) (National 71%)  
Y1: 85% Phonic Screening Check (National 81%)

Although 1718 was a year where we did not achieve PAN, our 1819 intake is full, and there are now 117 pupils in the school. The move to the new school building has generated a lot of interest and we are making a name for ourselves in the community. We have made links with local charities, local businesses and have raised money for charitable causes.

**b. Key performance indicators**

- To finish the financial year in balance: Achieved.
- To maximise spending to ensure an excellent education is delivered  
All financial decisions were made to ensure that the best possible staffing and resources could be provided for all children to flourish in the school whilst ensuring a balanced budget. The outcomes of the academic year evidence that good decisions were made.
- To achieve adequate pupil recruitment to maintain financial stability.  
For the 17/18 period, pupil recruitment was lower than expected. 17/18 was a lower intake year in the Watford area. We also cannot adequately assess the impact of the permanent school site being essentially a barren site during the key pupil recruitment period. For 18/19, we filled all of our 60 Reception places and currently have a waiting list for that year group. Year 2 has remained full, with places vacated by pupils due to movement away from the area being filled. Although a small number of places remain in Year 1, the number of pupils has increased from the original intake.  
Central Watford continues to be an area of high mobility with families moving into and out of the area. Now that the school is in its permanent building with its modern facilities and we have had good local media coverage, our profile has been elevated. With continuing investment in marketing, both in terms of financial and time, we believe that pupil numbers can be maintained.
- To recruit and retain good quality teachers to deliver excellent education.

**c. 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 EFA 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. Should significant unrestricted reserves be achieved in the future, consideration would be given to evaluating the most appropriate investment opportunity, including placing them on deposit for a period that the school deems will maintain sufficient operating liquidity.

**Financial review**

**a. Going concern**

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

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

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The Trustees have determined that the appropriate level of cash to be maintained should be equivalent to 6 weeks average operating expenses. This has been calculated as £58K, therefore we aim to maintain cash in the bank to that level. 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 level of cash reserves will be reviewed at least annually by the Trustees.

As of 31 August 2018, the school has £15k of unrestricted reserves, £286k of restricted fixed asset reserves (of which £27k relates to the net book value of tangible fixed assets which can only be realised on disposing of tangible fixed assets and £259k relates to capital funding available to carry forward to the next period) and £57k of restricted reserves (excluding pension reserves). The pension reserves stands at a deficit of £12k. The net surplus of restricted and unrestricted funds (excluding pension reserve is £72k as per note 18. The Trust notes that this is sufficient reserves.

### **c. Principal risks and uncertainties**

The Trustees consider the following to be our principal risks and uncertainties for the future, as defined within our risk register.

- **Funding allocations and their impact on financial viability**  
The Trust acknowledges that future government decision on funding allocations, given that funding accounting for the vast majority of the school's income, can have an adverse effect on the overall financial viability of the school. Although these funding decisions are beyond what the trustees can control, it is important to note them here and ensure that we have robust monitoring systems in place to ensure that the budget set is robust and managed well. It is also noted that the variation in how funding is allocated means that the flow of income may not match the flow required for expenditure although they are balanced overall.
- **Future pupil recruitment**  
During our opening year, and for several years previously, local demand for school places was greater than the number of places available. The latest forecast is that central Watford will have a surplus of places from 7% this year rising to 10% by 20/21. We also know from our current cohort that we do have families that may be affected by Brexit.  
This is why we are investing time and money into effectively marketing our school. This includes using social media to full effect, school tours outside of normal school hours, and we are very proud that our current parents are working alongside us to promote the school by taking part in promotional videos and sharing our marketing within their own networks.
- **Brexit**  
The exact impact of Brexit cannot be quantified at this time. However, it has the potential to impact on pupil recruitment, recruitment of staff, as well as any impact on the cost of services and products.
- **Premises**  
Our new modern building has been built with efficiency in mind. However, budgeting has been based on estimations i.e. utilities and the new technology required to run the building efficiently also requires regular, specialised maintenance. We will be reviewing running costs during the first 6 months, when the expenditure will be at its highest, to ensure that we have adequately accounted for the running costs. It is also noted that the trust is not the freeholder for the new premises, but has signed a lease.  
In July 2019, the lease for the temporary site expires. The lease itself does include a clause which could mean that the temporary site needs to be returned to a position as it was when the lease was undertaken i.e. returned to a church hall. There is a broad understanding that reinstatement will not be called upon, but this is not a guarantee of the enactment of what is a standard clause.

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**TRUSTEES' REPORT (continued)**  
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- **Staffing**

We have invested in staff wellbeing to be able to retain staff. Teacher recruitment is still an issue for most schools. We maintain links with the University of Hertfordshire, which has impacted upon our staffing by working with student teachers, and will continue to network to find and recruit good quality teachers. Although staffing represents the largest proportion of our expenditure, it is important to maintain staffing levels that support our children in our specific school environment.

### **Fundraising**

The Trustees will continue to seek appropriate donations in order to further its aims and objectives. Given the current funding in education, it is prudent to see additional income streams, one of which is fundraising. This allows for the enhancement of educational provided for the children. The approach is that all donations should be freely given. Donations from the public are usually made in conjunction with a school or Friends Association fundraising event, where members of the public are given the opportunity to donate or to purchase items or services for a fixed price. We do not advocate unsolicited approaches to the public.

Our fundraising takes the following forms:

- Voluntary contributions from families of pupils in school in order to support school trips. Families are asked if they would like to make the voluntary contribution and concessions can be considered giving full regard to the charging and remissions policy.
- Grant applications - suitable funding streams are identified and applications made.
- Commercial partnerships - the school has successfully attracted donations from local businesses. All companies are researched to ensure that their aims and activities do not conflict with the Christian ethos of the school.
- Donations from St John's church - fundraising is sometimes carried out in conjunction with the Friends Association of the school and the church. The church will also consider making donations to support the school.
- The Friends of St John's School - members of the school community, predominantly, parents of our pupils, fundraise on behalf of the school. Although the Friends Association is a separate entity, the Headteacher attends the meetings and the minutes of the meetings are made available in school, so that their activities are monitored.

Any complaints made in relation to fundraising would be made through the usual school complaints procedures. No complaints have been received thus far.

### **Plans for future periods**

#### **a. Future developments**

The overall objectives going forward remains unchanged to fulfill the four main objectives of our school:

- Education Excellence
- Development of the Whole Child
- Christian Ethos
- Community Spirit

The immediate focus is on developing the day to day procedures within our specific multi-level school environment, with regards to the impact that that has on staffing and resources. 2019/20 will be our first year

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with children in KS2. We are also looking to strengthen the SLT with the introduction of a Deputy Head to provide vital support to the Headteacher.

The school now has reverted to its intended 2 form entry, and we will progress this until the school is full with a capacity of 420 pupils.

We are also expecting our first Ofsted inspection in 2018/19 and our first SIAMS inspection.

We are also focusing on the diversification of income - the rental of space within our buildings, developing commercial relationships leading to donations from local businesses and grant funding from external sources where we meet the eligibility. As a new school with a comparatively low FSM rate, we do acknowledge that these opportunities may be scarce.

The school will continue to develop the curriculum preparing for KS2 whilst maintaining and improving on the academic achievements in EYFS and KS1. A greater focus on Teaching and Learning will naturally build as the constraints of building a new school building diminish.

**Funds held as custodian**

Currently, there are no funds held.

**Disclosure of information to auditor**

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that: so far as that Trustees is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and

That Trustees have taken all the steps that ought to have been taken as a Trustee 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 Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on \_\_\_\_\_ and signed on its behalf by:

.....  
**J Griffiths**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

As Trustees, 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.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Clough	5	8
R Davis	8	8
J Griffiths, Chair of Trustees	8	8
E Grundy	5	8
F Handley	8	8
H Langeveld (nee Davis), Head Teacher	8	8
S Lavender	7	8
R Martins	6	8
C McMillian-Jackson	8	8
A Rindl	3	8
.D Stevenson	8	8
J Conn	0	0

There were no key changes in the composition of the Board of Trustees during this period. Mrs A Handley remained as parent Trustee as a parent Trustee was not elected until October 2018. The Trustees have been involved in the transition from temporary to permanent school site and have been instrumental in negotiations on leases for both the sites. This was a challenging period where the Head teacher and Trustees have been involved in robustly ensuring that the EFSA delivered a building and services that were necessary to provide a modern school environment necessary to support the deliverance of an excellent school curriculum. We are particularly proud that a rooftop playground was secured for such an urban site with limited outdoor opportunities for the children. Following a year where pupil recruitment was below expected, the school has achieved two full Reception classes with a waiting list and has made some ways to fill the vacant places in Year 1, which is down to the efforts in Marketing of the Marketing Committee.

Trustees are regularly in school, not only for attendance at committee meetings, but to see such things as collective worship and to watch lessons and activities. This allows the testing of the reporting of the data and such things as behaviour given to the Trustees by the Head teacher is robust.

The quality of the data provided to Trustees is of a good standard and is rigorously reviewed by the appropriate committees, attended by those with relevant skills. The data was also scrutinised by an external School Improvement Partner, Alan Phair, Herts Assessment Team and Education Consultant for the Diocese of St Albans.

A Governance Review was commissioned by an external consultant, Maxine Ward, in October 2017 and she reported her findings to the Board of Trustees at the meeting in November. The comments were generally

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**GOVERNANCE STATEMENT (continued)**

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positive but with some areas to tighten up on as to be expected with a new Trust. These have been actioned and that is apparent by the minutes from committees. A further review will be carried out before the end of the academic year.

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. The Committee has faced a number of challenges during the year, not least because of the difficulties in predicting future financial requirements in relation to the new building, but also with changes in pensions and pay awards that place an additional financial requirement on the school's budget.

Estimates have had to be made based on as much research as possible, but we understand that the picture of the financial requirements will develop during this crucial first year in the new building. This transition to the permanent building, which had a very tight construction period, also impacted on the school's decision on procuring contracts as many of the vital questions that needed to be answered could not be answered in sufficient time to follow established procurement timelines. The Finance and Resources Committee have also had to deal with the vital process of the lease for the new building. This was a lengthy process as the Trust wished to vary the standard form presented by the DfE to further protect the Trust on the advice of our lawyers. The DfE would not agree to any variations as it was a standard lease for all free schools. The FGB voted to accept the lease at its meeting on 11 July 2018.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Davis (Chair)	6	6
J Griffiths	5	5
A 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 trust'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 trust has delivered improved value for money during the year by:

- Ensuring that the new build project was monitored and that the school's requirements were met within the financial constraints of the ESFA. Including the FFE within the contractor's obligations ensured that this maximised the budget through their purchasing power so that quality additional items could be purchased that would not necessarily have been achieved by the trust alone.
- Ensuring that the school budget planning allowed for quality provision for children's needs to be met.
- Focusing on a prudent mindset with value for money at the forefront - Given the uncertainties of costs in relation to the new build and the cost of quality staff in a small school

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

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**GOVERNANCE STATEMENT (continued)**

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**The Purpose of the System of Internal Control**

The Systems of internal control are is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; they it can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are 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 mitigate or manage them efficiently, effectively and economically. A system of internal controls has been in place in Watford St John's Church of England Primary School for the period 1 September to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has identified and 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, which has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of 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
- 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 Thorne Widgery 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:

- Using Approval Max system to manage authorisations in line with policy.
- Amendments to the process for authorising and signing off payroll.
- To tighten the process to ensure GAG reconciliations performed
- Ensuring the charge card is reconciled on a monthly basis

On a termly basis, the auditor report to the Board of Trustees through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The appointee has not delivered their schedule as planned due to a series of communication errors. These have now been rectified and a programme of work agreed for the coming year.

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

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**GOVERNANCE STATEMENT (continued)**

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**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the finance committee and the Chief Financial Officer 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 Audit Committee and a process of continuous development and improvement of systems in place to address any new risks or weaknesses identified and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on \_\_\_\_\_ and signed on their behalf, by:

.....  
**J Griffiths**  
**Chair of Trustees**

.....  
**H Langeveld**  
**Accounting Officer**



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

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the academy trust 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 2017.

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

.....  
**H Langeveld**  
**Accounting Officer**

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

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on

and signed on its behalf by:

.....  
**J Griffiths**  
**Chair of Trustees**

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

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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**

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### **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 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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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**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Responsibilities of trustees**

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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

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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**

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concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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

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:

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

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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 & SKILLS FUNDING  
AGENCY**

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In accordance with the terms of our engagement letter dated April 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Watford St John's Church of England Primary School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

**Approach**

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

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

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

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

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.

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

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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 & SKILLS FUNDING  
AGENCY (continued)**

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- 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date:

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

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations and capital grants	2	856	2,772	5,913	9,541	3,586
Charitable activities	3	2,444	483,711	-	486,155	398,746
Other trading activities	4	28,106	-	-	28,106	17,733
Investments	5	68	-	-	68	55
<b>Total income</b>		<b>31,474</b>	<b>486,483</b>	<b>5,913</b>	<b>523,870</b>	<b>420,120</b>
<b>Expenditure on:</b>						
Raising funds	6	17,890	-	-	17,890	20,961
Charitable activities		-	699,618	15,363	714,981	420,151
<b>Total expenditure</b>	7	<b>17,890</b>	<b>699,618</b>	<b>15,363</b>	<b>732,871</b>	<b>441,112</b>
<b>Net income / (expenditure) before transfers</b>		<b>13,584</b>	<b>(213,135)</b>	<b>(9,450)</b>	<b>(209,001)</b>	<b>(20,992)</b>
Transfers between Funds	17	-	211,275	(211,275)	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>13,584</b>	<b>(1,860)</b>	<b>(220,725)</b>	<b>(209,001)</b>	<b>(20,992)</b>
Actuarial gains on defined benefit pension schemes	21	-	14,000	-	14,000	2,000
<b>Net movement in funds</b>		<b>13,584</b>	<b>12,140</b>	<b>(220,725)</b>	<b>(195,001)</b>	<b>(18,992)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		1,385	45,269	506,767	553,421	572,413
<b>Total funds carried forward</b>		<b>14,969</b>	<b>57,409</b>	<b>286,042</b>	<b>358,420</b>	<b>553,421</b>



**WATFORD ST JOHN'S CHURCH OF ENGLAND PRIMARY SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 09016294**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	14		<b>26,587</b>		33,049
<b>Current assets</b>					
Debtors	15	<b>275,939</b>		495,921	
Cash at bank and in hand		<b>110,692</b>		95,412	
			<u><b>386,631</b></u>	<u>591,333</u>	
<b>Creditors:</b> amounts falling due within one year	16	<b>(42,798)</b>		(60,961)	
<b>Net current assets</b>			<b>343,833</b>		530,372
<b>Total assets less current liabilities</b>			<b>370,420</b>		563,421
Defined benefit pension scheme liability	21		<b>(12,000)</b>		(10,000)
<b>Net assets including pension scheme liabilities</b>			<b>358,420</b>		553,421
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	<b>69,409</b>		55,269	
Restricted fixed asset funds	17	<b>286,042</b>		506,767	
Restricted income funds excluding pension liability		<b>355,451</b>		562,036	
Pension reserve		<b>(12,000)</b>		(10,000)	
Total restricted income funds			<b>343,451</b>		552,036
Unrestricted income funds	17		<b>14,969</b>		1,385
<b>Total funds</b>			<b>358,420</b>		553,421

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

.....  
**J Griffiths**  
**Chair of Trustees**

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

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

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	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>18,199</u>	<u>98,246</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		68	55
Purchase of tangible fixed assets		(8,900)	(45,720)
Capital grants from DfE Group		5,913	-
<b>Net cash used in investing activities</b>		<u>(2,919)</u>	<u>(45,665)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>15,280</b>	<b>52,581</b>
Cash and cash equivalents brought forward		<u>95,412</u>	<u>42,831</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>110,692</u></u>	<u><u>95,412</u></u>

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

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

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**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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

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**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:

Furniture and fixtures	-	20% reducing balance
Office equipment	-	33% reducing balance
Computer equipment	-	50% reducing balance

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Accounting Policies (continued)**

**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.

**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 15. 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 16. 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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**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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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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**2. Income from donations and capital grants**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	856	2,772	-	3,628	3,586
Grants	-	-	4,106	4,106	-
Government grants	-	-	1,807	1,807	-
	<u>856</u>	<u>2,772</u>	<u>5,913</u>	<u>9,541</u>	<u>3,586</u>
<i>Total 2017</i>	<u>2,764</u>	<u>822</u>	<u>-</u>	<u>3,586</u>	

**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	345,824	345,824	262,431
Pupil Premium	-	6,928	6,928	770
Universal Infant Free School Meals income	-	22,069	22,069	12,673
Other ESFA grants	-	32,490	32,490	40,415
Start up grants	-	75,000	75,000	80,500
Rates relief	-	1,400	1,400	549
	<u>-</u>	<u>483,711</u>	<u>483,711</u>	<u>397,338</u>
<b>Other funding</b>				
Trip income	1,828	-	1,828	997
Catering income	616	-	616	411
	<u>2,444</u>	<u>-</u>	<u>2,444</u>	<u>1,408</u>
	<u>2,444</u>	<u>483,711</u>	<u>486,155</u>	<u>398,746</u>
<i>Total 2017</i>	<u>1,408</u>	<u>397,338</u>	<u>398,746</u>	



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**4. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Breakfast and after school club income	21,416	-	21,416	16,873
Other income	6,690	-	6,690	860
	<u>28,106</u>	<u>-</u>	<u>28,106</u>	<u>17,733</u>
<i>Total 2017</i>	<u>17,733</u>	<u>-</u>	<u>17,733</u>	

**5. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest income	68	-	68	55
	<u>68</u>	<u>-</u>	<u>68</u>	<u>55</u>
<i>Total 2017</i>	<u>55</u>	<u>-</u>	<u>55</u>	

**6. Costs of raising funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Costs of raising funds	-	-	-	3,091
Costs of raising funds - staff costs	17,890	-	17,890	17,870
	<u>17,890</u>	<u>-</u>	<u>17,890</u>	<u>20,961</u>
<i>Total 2017</i>	<u>20,961</u>	<u>-</u>	<u>20,961</u>	

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**7. Expenditure**

	<b>Staff costs 2018 £</b>	<b>Premises 2018 £</b>	<b>Other costs 2018 £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Costs of raising funds					20,961
Direct costs	17,890	-	-	17,890	-
Support costs	-	-	-	-	-
Educational activities:					
Direct costs	241,202	-	24,366	265,568	196,287
Support costs	80,100	281,757	87,556	449,413	223,864
	<u>339,192</u>	<u>281,757</u>	<u>111,922</u>	<u>732,871</u>	<u>441,112</u>
<i>Total 2017</i>	<u>245,074</u>	<u>55,685</u>	<u>140,353</u>	<u>441,112</u>	

**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2018 £</b>	<b>Support costs 2018 £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Educational activities	265,568	449,413	714,981	420,151
<i>Total 2017</i>	<u>196,287</u>	<u>223,864</u>	<u>420,151</u>	

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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Educational activities £	Total 2018 £	Total 2017 £
Pension income	1,000	1,000	1,000
Staff costs	80,099	80,099	58,765
Depreciation	15,363	15,363	20,167
Staff development	959	959	2,260
Rent and rates	31,653	31,653	32,883
Repairs and maintenance	2,946	2,946	2,717
Catering costs	29,486	29,486	23,994
Technology costs	2,505	2,505	1,813
Insurance costs	6,352	6,352	4,128
Heat and light costs	7,800	7,800	1,747
Printing, postage and stationery	1,160	1,160	-
Cleaning and caretaking costs	9,733	9,733	16,458
Professional fees	18,763	18,763	26,844
Other support costs	14,857	14,857	16,438
Governance costs	12,475	12,475	14,650
Temporary building costs	214,262	214,262	-
	<u>449,413</u>	<u>449,413</u>	<u>223,864</u>
<i>At 31 August 2017</i>	<u>223,864</u>	<u>223,864</u>	

During the year there was £214,262 of expenditure relating to works on the temporary school site. These works have been expensed rather than capitalised, as the Academy Trust moved the school from the temporary premises to the new building for the academic year commencing 1 September 2018.

**9. Net income/(expenditure)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	15,362	20,167
Auditor's remuneration - audit - current year	5,900	5,500
Auditor's remuneration - other services	3,450	3,150
Auditor's remuneration - audit - prior year	-	4,250
	<u>24,712</u>	<u>33,067</u>

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**10. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>£</i>
Wages and salaries	<b>255,633</b>	<i>183,635</i>
Social security costs	<b>18,068</b>	<i>16,178</i>
Operating costs of defined benefit pension schemes	<b>65,491</b>	<i>45,086</i>
	<b>339,192</b>	<i>244,899</i>
Agency supply teacher costs	-	<i>175</i>
	<b>339,192</b>	<i>245,074</i>

**b. Staff numbers**

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

	<b>2018</b>	<i>2017</i>
	<b>No.</b>	<i>No.</i>
Teachers	<b>3</b>	<i>1</i>
Support and administration	<b>9</b>	<i>7</i>
Management	<b>2</b>	<i>2</i>
	<b>14</b>	<i>10</i>
	<b>14</b>	<i>10</i>

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

**c. Key management personnel**

The key management personnel of the academy trust comprise the Trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £128,018 (2017: £116,334).

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**11. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees 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 Trustees. The value of Trustees' remuneration and other benefits was as follows:

		<b>2018</b>	<i>2017</i>
		<b>£</b>	<b>£</b>
H Langeveld (nee Davis), Head	Remuneration	<b>55,000-60,000</b>	<i>55,000-60,000</i>
Teacher	Pension contributions paid	<b>5,000-10,000</b>	<i>5,000-10,000</i>
A Handley*	Remuneration	<b>15,000-20,000</b>	<i>10,000-15,000</i>
	Pension contributions paid	<b>0-5,000</b>	<i>0-5,000</i>

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

\*A Handley is the son of Trustee F Handley.

**12. Trustees' and Officers' Insurance**

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

**13. Other finance income**

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<b>£</b>
Interest income on pension scheme assets	<b>1,000</b>	<i>-</i>
Interest on pension scheme liabilities	<b>(2,000)</b>	<i>(1,000)</i>
	<b>(1,000)</b>	<i>(1,000)</i>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Tangible fixed assets**

	Furniture and fixtures £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2017	17,310	1,651	34,693	53,654
Additions	343	996	7,561	8,900
At 31 August 2018	<u>17,653</u>	<u>2,647</u>	<u>42,254</u>	<u>62,554</u>
<b>Depreciation</b>				
At 1 September 2017	3,454	820	16,331	20,605
Charge for the year	2,973	763	11,626	15,362
At 31 August 2018	<u>6,427</u>	<u>1,583</u>	<u>27,957</u>	<u>35,967</u>
<b>Net book value</b>				
At 31 August 2018	<u>11,226</u>	<u>1,064</u>	<u>14,297</u>	<u>26,587</u>
At 31 August 2017	<u>13,856</u>	<u>831</u>	<u>18,362</u>	<u>33,049</u>

**15. Debtors**

	2018 £	2017 £
Trade debtors	876	12,390
Other debtors	4,171	3,014
Prepayments and accrued income	270,892	480,517
	<u>275,939</u>	<u>495,921</u>

**16. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	13,039	40,861
Other creditors	188	810
Accruals and deferred income	29,571	19,290
	<u>42,798</u>	<u>60,961</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. Creditors: Amounts falling due within one year (continued)**

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<b>£</b>
<b>Deferred income</b>		
Deferred income at 1 September 2017	<b>8,198</b>	-
Resources deferred during the year	<b>15,404</b>	8,198
Amounts released from previous years	<b>(8,198)</b>	-
	<hr/> <b>15,404</b> <hr/>	<hr/> 8,198 <hr/>

At the balance sheet date, the academy trust was holding Universal Infant Free School Meal income and Devolved Formula Capital grant income relating to the 2018/19 financial year.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
Reserves	1,385	31,474	(17,890)	-	-	14,969
<b>Restricted funds</b>						
Project Development Grant	20,894	-	(214,262)	211,275	-	17,907
General Annual Grant (GAG)	33,039	345,824	(327,361)	-	-	51,502
Pupil Premium	770	6,928	(7,698)	-	-	-
Rates Relief	-	1,400	(1,400)	-	-	-
UIFSM	-	22,069	(22,069)	-	-	-
Other ESFA income	-	32,490	(32,490)	-	-	-
Start up grants	-	75,000	(75,000)	-	-	-
Restricted donations	566	2,772	(3,338)	-	-	-
Pension reserve	(10,000)	-	(16,000)	-	14,000	(12,000)
	<u>45,269</u>	<u>486,483</u>	<u>(699,618)</u>	<u>211,275</u>	<u>14,000</u>	<u>57,409</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Assets	33,049	-	(15,363)	8,900	-	26,586
ESFA capital grants	473,718	4,106	-	(218,368)	-	259,456
Devolved Formula Capital grant	-	1,807	-	(1,807)	-	-
	<u>506,767</u>	<u>5,913</u>	<u>(15,363)</u>	<u>(211,275)</u>	<u>-</u>	<u>286,042</u>
Total restricted funds	<u>552,036</u>	<u>492,396</u>	<u>(714,981)</u>	<u>-</u>	<u>14,000</u>	<u>343,451</u>
Total of funds	<u>553,421</u>	<u>523,870</u>	<u>(732,871)</u>	<u>-</u>	<u>14,000</u>	<u>358,420</u>

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



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**17. Statement of funds (continued)**

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 £259,456 (2017: £473,718) carried forward from the prior year but unspent by 31 August 2018. During the year there was a transfer of £214,262 from this fund to restricted funds to match against expenditure of the same amount relating to works on the temporary school site. These works have been expensed rather than capitalised, as permitted by the terms of the grant, as the Academy Trust moved the school from the temporary premises to the new building for the academic year commencing 1 September 2018.

The transfer of £2,987 from the restricted fund to the restricted fixed asset fund represents expenditure on additions not funded from capital grants.

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

**Statement of funds - prior year**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains £</i>	<i>Balance at 31 August 2017 £</i>
General Funds - all funds	758	21,960	(21,333)	-	-	1,385
<b>Restricted funds</b>						
Project Development Grant	21,050	-	(156)	-	-	20,894
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>21,050</u>	<u>398,160</u>	<u>(399,612)</u>	<u>23,671</u>	<u>2,000</u>	<u>45,269</u>

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**17. Statement of funds (continued)**

**Restricted fixed asset funds**

Restricted Fixed Assets	7,496	-	(20,167)	45,720	-	33,049
ESFA capital grants	543,109	-	-	(69,391)	-	473,718
Total restricted funds	<u>571,655</u>	<u>398,160</u>	<u>(419,779)</u>	<u>-</u>	<u>2,000</u>	<u>552,036</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>

**18. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	26,586	26,586
Current assets	14,969	112,206	259,456	386,631
Creditors due within one year	-	(42,797)	-	(42,797)
Provisions for liabilities and charges	-	(12,000)	-	(12,000)
	<u>14,969</u>	<u>57,409</u>	<u>286,042</u>	<u>358,420</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	33,049	33,049
Current assets	1,385	116,230	473,718	591,333
Creditors due within one year	-	(60,961)	-	(60,961)
Provisions for liabilities and charges	-	(10,000)	-	(10,000)
	<u>1,385</u>	<u>45,269</u>	<u>506,767</u>	<u>553,421</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(209,001)	(20,992)
<b>Adjustment for:</b>		
Depreciation charges	15,363	20,167
Dividends, interest and rents from investments	(68)	(55)
Decrease in debtors	219,981	53,422
(Decrease)/increase in creditors	(18,163)	33,704
Capital grants from DfE and other capital income	(5,913)	-
Defined benefit pension scheme cost less contributions payable	15,000	12,000
Defined benefit pension scheme finance cost	1,000	-
	<b>18,199</b>	<b>98,246</b>
<b>Net cash provided by operating activities</b>	<b>18,199</b>	<b>98,246</b>

**20. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	110,692	95,412
Total	<b>110,692</b>	<b>95,412</b>
	<b>110,692</b>	<b>95,412</b>

**21. Pension commitments**

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

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

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

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**21. Pension commitments (continued)**

pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £25,234 (2017 - £17,816).

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](http://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 an unfunded 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 2018 was £32,000 (2017 - £25,000), of which employer's contributions totalled £26,000 (2017 - £19,000) and employees' contributions totalled £6,000 (2017 - £6,000). 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.

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**21. Pension commitments (continued)**

Principal actuarial assumptions:

	<b>2018</b>	<i>2017</i>
Discount rate for scheme liabilities	<b>2.80 %</b>	<i>2.50 %</i>
Rate of increase in salaries	<b>2.40 %</b>	<i>2.50 %</i>
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	<i>2.40 %</i>

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

	<b>2018</b>	<i>2017</i>
Retiring today		
Males	<b>22.5 years</b>	<i>22.5 years</i>
Females	<b>24.9 years</b>	<i>24.9 years</i>
Retiring in 20 years		
Males	<b>24.1 years</b>	<i>24.1 years</i>
Females	<b>26.7 years</b>	<i>26.7 years</i>

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

	<b>Fair value at 31 August 2018 £</b>	<i>Fair value at 31 August 2017 £</i>
Equities	<b>32,860</b>	<i>18,200</i>
Bonds	<b>21,700</b>	<i>7,000</i>
Property	<b>4,960</b>	<i>1,960</i>
Cash	<b>2,480</b>	<i>840</i>
Total market value of assets	<b>62,000</b>	<i>28,000</i>

The actual return on scheme assets was £2,000 (2017 - £3,000).

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

	<b>2018 £</b>	<i>2017 £</i>
Current service cost	<b>(41,000)</b>	<i>(30,000)</i>
Interest income	<b>1,000</b>	<i>-</i>
Interest cost	<b>(2,000)</b>	<i>(1,000)</i>
Total	<b>(42,000)</b>	<i>(31,000)</i>

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**21. Pension commitments (continued)**

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

	2018 £	2017 £
Opening defined benefit obligation	38,000	-
Current service cost	41,000	30,000
Interest cost	2,000	1,000
Employee contributions	6,000	6,000
Actuarial (gains)/losses	(13,000)	1,000
	<u>74,000</u>	<u>38,000</u>
Closing defined benefit obligation	<u>74,000</u>	<u>38,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	28,000	-
Interest income	1,000	-
Actuarial gains	1,000	3,000
Employer contributions	26,000	19,000
Employee contributions	6,000	6,000
	<u>62,000</u>	<u>28,000</u>
Closing fair value of scheme assets	<u>62,000</u>	<u>28,000</u>

**22. Operating lease commitments**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	30,000	30,000
Between 1 and 5 years	-	30,000
	<u>30,000</u>	<u>60,000</u>
Total	<u>30,000</u>	<u>60,000</u>

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**23. Contingent liabilities**

The Academy Trust has a lease on the premises used for the School during the year. The lease agreement states that at the end of the tenancy, the Academy Trust will reinstate any alterations made unless otherwise agreed by the Landlord in writing. The Academy Trust has not obtained an agreement in writing from the Landlord to this effect. The potential cost and likelihood of having to make these alterations is unknown, therefore the Trustees do not consider a provision for these costs to be appropriate. The Trustees are of the understanding that any costs relating to this will be met by additional EFSA funding.

**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.

**25. Related party transactions**

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

During the accounting period, the academy made purchases relating to the hire of the Church hall totalling £30,000 (2017: £30,000), other charges of £11,156 (2017: £6,612) and had income of £3,471 (2017: £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. £349 (2017: £nil) was due to and £578 (£nil) was due from Watford St John's Parochial Church Council at year end. The purchases have not been supplied at cost, however the Academy Trust has approval from the ESFA for these transactions.

During the accounting period, the academy made purchases relating to cleaning and caretaking services totalling £8,612 (2017: £16,547) 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 (2017: £nil).

During the accounting period, the academy made purchases relating to the supply of professional consultancy services totalling £nil (2017: £5,430) from IP Squared Limited, a company in which Trustee A Clough is a director. £nil (2017: £nil) 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 £288 (2017: £348) 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 (2017: £nil) was due to Platinum Press Limited at year end. Purchases have been supplied at cost.

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