

Company Registration Number: 07690125 (England and Wales)

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**VERULAM 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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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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**CONTENTS**

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	Page
<b>Reference and administrative details</b>	1 - 2
<b>Trustees' report</b>	3 - 10
<b>Governance statement</b>	11 - 14
<b>Statement on regularity, propriety and compliance</b>	15
<b>Statement of Trustees' responsibilities</b>	16
<b>Independent auditors' report on the financial statements</b>	17 - 19
<b>Independent reporting accountant's assurance report on regularity</b>	20 - 21
<b>Statement of financial activities incorporating income and expenditure account</b>	22
<b>Balance sheet</b>	23
<b>Statement of cash flows</b>	24
<b>Notes to the financial statements</b>	25 - 46

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**VERULAM 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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**Trustees and Members**

**Trustees and Members**

Mr. Paul Ramsey, Headmaster<sup>1</sup>  
Mr. Richard Kennedy<sup>1</sup>  
Mr. Gary Dunger<sup>1</sup>  
Mr. Richard Springall  
Mr. Ben Clark (appointed 6 December 2017)<sup>1</sup>  
Mr. Nigel Gibbins (appointed 18 December 2017)  
Mrs. Melanie Merriden  
Mr. Daniel Tansley, Staff Governor (appointed 6 October 2017)  
Mrs. Marion Brown  
Mr. John Acton, Chair  
Mr. Steve Hiscock, Staff Governor  
Mr. Mark Quinton<sup>1</sup>  
Mr. Jonathan Pitkin<sup>1</sup>  
Ms. Sara Bailey, Staff Governor (appointed 17 April 2018, resigned 19 October 2018)  
Ms. Elisabeth Kragbe  
Mr. Kiranjit Ahluwalia<sup>1</sup>  
Mr. Simon Threadkell<sup>1</sup>  
Mr. Steven Hiscock, Staff Governor  
Mr. Ian Caminsky (appointed 23 April 2018)  
Ms. Tracey Brodrick (appointed 30 October 2018)  
Ms. Nicola Jackson (appointed 19 October 2017, resigned 31 August 2018)  
Mrs. Amanda Harding (resigned 18 September 2017)  
Mrs Joanne Harrison (resigned 18 September 2017)

<sup>1</sup> Member of the Resources Committee

**Company registered number**

07690125

**Company name**

Verulam School

**Principal and registered office**

Brampton Road, St Albans, Hertfordshire, AL1 4PR

**Company secretary**

Katherine Locke

**Senior leadership team**

Paul Ramsey, Head Teacher  
Mark Freakley, Deputy Head  
David Bullock, Deputy Head  
Ann Chehade/Katherine Locke, Business Manager  
Mike Toley, Assistant Head  
Richard Hall, Assistant Head

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

Andree Quidder, Associate Assistant Head  
Joanne Harrison, Associate Assistant Head  
Narell Dannie, Assistant Head

**Independent auditors**

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

**Bankers**

Lloyds Bank plc, P O Box 1000, BX1 1LT

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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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.

**Structure, governance and management**

**a. CONSTITUTION**

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

The charitable company's Trust deed is the primary governing document of the academy trust.

The Trustees of Verulam School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Verulam School. On 1 September 2018 the School joined Alban Academies Trust, a multi-academy trust also including Sandingham School and Ridgeway Academy.

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. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

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

The Board of Trustees consists of:

- (a) Seven parent trustees elected by parents of registered pupils at the school. A parent trustee must be a parent of a pupil at the school at the time when he/she is elected. The Board of Trustees ensures that every parent of a registered pupil at the school is informed of the vacancy.
- (b) Two teaching staff trustees and one support staff trustee. Internal elections are held when there is a vacancy.
- (c) Community trustees may be appointed by the Board of Trustees provided that the person who is appointed as a community trustee is:
  - (i) A person who lives or works in the community served by the school; or
  - (ii) A person who, in the opinion of the Board of Trustees, is committed to the government and success of the School
- (d) Three co-opted trustees may be appointed by the Board of Trustees. A "co-opted trustee" means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The Board of Trustees may not co-opt an employee of the academy trust as a co-opted trustee if the number of trustees who are employed by the school (including the Headmaster) would thereby exceed one third of the total number of trustees.
- (e) Up to seven trustees appointed by the Trust.

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

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- (f) The trustees are unable to appoint an employee of the Academy Trust as a community trustee if the number of trustees who are employed by the school (including the Headmaster) would thereby exceed one third of the total number of trustees.
- (g) The Secretary of State may appoint such additional trustees as he thinks fit if the Secretary of State has:
  - (i) Given the trustees a warning notice in accordance with Article 60 of the Article of Association; or
  - (ii) The trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period

Additionally, the Secretary of State may also appoint such additional trustees where, following an inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection"), the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one inspection to the next inspection, or between any two inspections carried out within a five year period, of two Ofsted grades.

The Secretary of State may also appoint such further trustees as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the school.

The term of office for any trustee shall be four years, save that this time limit shall not apply to the headmaster. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

#### **d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

All trustees have an initial meeting with the Chair of Governors, Headmaster and Clerk to the Governors, where they are briefed on the structure of the Governing Body and Committee meetings. New trustees are encouraged to attend all Committees prior to choosing a particular Committee to sit on, to see if their interest/expertise is sufficient. In addition, each new trustee has access to an induction information pack. Each trustee is required to complete a form detailing any conflicts of interest.

Trustees are encouraged to attend training put on by Hertfordshire County Council.

#### **e. ORGANISATIONAL STRUCTURE**

Verulam School has overall responsibility for the academy, including the work of the members of the Board of Trustees.

The Board of Trustees delegates the running of the academy to the Headmaster, who in turn delegates aspects of the work to members of the Senior Leadership Team.

The Headmaster is the Accounting Officer and works closely with the Finance Director to ensure compliance of all finance procedures and processes to audit.

The Headmaster works closely with the Senior Leadership Team in order to plan and meet the objectives of the academy. Similarly, the Senior Leadership Team works with the middle managers and other staff to ensure policies, procedures and plans are adhered to.

#### **f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Verulam School is a single academy trust. However, Verulam School is a member of the BeauSandVer Consortium, which enables sixth form students to consort with regards to A-level subject to enable breadth of curriculum.

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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

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Verulam School is supported by the Verulam Charitable Trust (Charity Number 1148591) whose aim is the advancement of education for the public benefit and particularly the advancement for public benefit through Verulam School. Verulam Charitable Trust is considered a connected charity and further details are disclosed in note 26. In addition, Verulam School has an active Parent Teacher Association with similar aims.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principle object of the school is to provide public benefit education, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing a school offering a broad and balanced curriculum. The school intends to promote for the benefit of individuals living in St Albans and the surrounding area, who have need by reason of age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The school has a Post Ofsted Statement of Action and Development Plan which is updated annually. The plan aims to address Ofsted areas for improvement and focus development on improving:

- (a) Leadership and Management
- (b) Teaching and Learning
- (c) Behaviour and safety

**c. ACTIVITIES FOR ACHIEVING OBJECTIVES**

In order for the school to achieve its objectives, the actions as mentioned above, we focussed primarily on raising achievement by:

- Improving the effectiveness of leadership and management
- Improving the effectiveness of personal development, behaviour and welfare
- Ensuring safeguarding is effective
- Improving teaching and learning
- Working collaboratively within the Alban Academies Trust

**d. PUBLIC BENEFIT**

Verulam School trustees have complied with their duty to have due regard to compliance with public benefit in exercising their powers by ensuring:

- All pupils make good progress and fulfil their potential
- All pupils engage in the life of the school and enjoy their learning
- Ensure that high expectations of conduct and cooperation are the norm
- Provide a broad curriculum to ensure that all pupils have opportunities to succeed and progress
- Provide opportunities to ensure confident, successful, articulate independent learners

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

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**Achievements and performance**

**a. ACHIEVEMENTS AND PERFORMANCE**

The school was disappointed to be judged Inadequate by Ofsted in October 2017 and adopted an immediate and comprehensive plan to improve leadership and management, personal development, behaviour and welfare and to ensure that safeguarding was effective. The school also planned to join the Alban Academies Trust from 1 September 2018. Outcomes for pupils, the 16 to 19 study programme and teaching, learning and assessment were all judged as Good in this report.

The school was revisited by Ofsted in June 2018 who judged safeguarding as effective.

An HMI monitoring inspection in October 2018 was converted to a full Section 5 inspection in which the overall effectiveness of the school was judged as Good. Moreover, the school was judged to be Good in all areas.

The school is pleased with the progress made by pupils over the last year which was reflected in positive examination results in August 2018. At GCSE level pupils made good progress with 77% of pupils achieving standard passes or higher in English and Maths and achieving a positive progress 8 score. 78% of pupils were entered for the EBacc.

At A-Level 47% of the grades awarded were the highest A\* to B grades and the average grade was C+.

The senior leadership team will continue to pursue ambitious targets and pursue the goal of excellence.

**b. KEY PERFORMANCE INDICATORS**

- Key Stage 4 – 77% pupils achieving 5 standard passes including English & Maths
- Key Stage 5 – APS per entry 47/ Average grade C+
- Attendance – significantly above national average – 95.65%
- Applications for places in September 2018 fell to 526 for 186 places
- School roll – 1095 October 2018
- Ofsted Report – October 2017 – Inadequate
- Ofsted Inspection – June 2018 – Safeguarding Effective
- Ofsted Inspection – October 2018 – Good
- Joined the Alban Academies Trust 1 September 2018.

**c. GOING CONCERN**

On 1 September 2018, Verulam School was transferred to the Alban Academies Trust (AAT), which became a multi-academy trust with Sandringham School, Ridgeway Academy and Verulam School as members. Following the transfer, Verulam School will be dissolved and struck off Companies House.

**Financial review**

**a. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Verulam School has a Finance Manual and Risk Register, both of which are reviewed, updated and approved annually by the Governing Body. In addition, the Risk Register is reviewed and updated termly. Together they encompass a range of objectives and policies essential to the running of its finance and risk management activities and to ensure compliance.

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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

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The rationale behind this, is to ensure that the school is operational and compliant at all levels of its financial activities and that the school does not move into deficit, and that all creditors are paid on time. The Trustees regularly check that the School has sufficient funds to ensure that cash flow is good and that action is taken where appropriate.

**b. PRINCIPAL FUNDING**

The School receives most of its funding from the Education and Skills Funding Agency (ESFA). It supplements its income by letting out the school premises and receiving donations from the Verulam Parent Teachers Association and the Verulam Charitable Trust.

**c. EXPENDITURE**

The School's objective is to improve teaching, learning and results throughout the school, so consequently the largest item of expenditure has been, and will continue to be on staffing. This is reflected in the results which are detailed in other parts of this report. Maintaining the school premises is a focus, as part of the school was built in the late 1930's and requires updating to current standards. Funds have been earmarked to refurbish parts of the school as well as for general maintenance costs.

**d. RESERVES POLICY**

As at 31 August 2018, Verulam School held £1,024,588 in bank and in hand; with £789,754 net current assets, which the Board of Trustees found to be a pleasing amount. Prudence and careful planning has led to this amount.

It is the intention of the Board of Trustees to hold a minimum reserve of £50,000. Additionally, it is the intention of the Board of Trustees to have additional reserves to enable the school's development, both in teaching and learning as well as the development of the premises. Since conversion to academy status, and the tight monitoring of budgets, Verulam School has held a much higher reserve than this.

It is our intention to maintain sufficient reserves to enable us to improve teaching and learning as well as the fabric of the premises.

**e. PENSION LIABILITY**

The defined benefit pension scheme liability has decreased from £989,000 as at 31 August 2017 to £812,000 as at 31 August 2018. This is stated on the balance sheet; with more detailed analysis in notes to the financial statements, but does not impact on the cash flow of the School.

**f. INVESTMENT POLICY**

All funds are held in a bank account, and interest is earned on these monies. £766 of interest was received during the period, which is in line with our expectations.

**g. PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees have assessed the major risks to which the school is exposed, in particular those related to the operations and finances of the school, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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

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The school has a risk register which identifies a number of risks to the school. The main risks to the school are:

- Poor financial management
- Insufficient insurance
- Operating within its objects
- Poor Ofsted report
- Poor management of premises

In order to mitigate against the risks, the academy has implemented a number of systems which include:

- Financial self-assessment backed by regular internal audits
- Government backed insurance policy - RPA
- Operational procedures and policies for finance and the premises
- Use of external professional services for advice and services
- Rigorous monitoring of all procedures and processes

#### **Fundraising**

- Monies raised through fundraising represent less than 1.5% of total income. These funds are raised via the School's PTA – made up entirely of parent volunteers and via the Verulam Charitable Trust which has a small number of regular donors.
- The Verulam PTA and the VCT are both registered charities. Neither charity is bound by any voluntary scheme regulating fundraising, or any voluntary standard of fundraising.
- Neither charity has any formal monitoring of fundraising activities.
- No complaints have been received in respect of any fundraising activities for the School.
- Both charities have clear oversight from a Board of Trustees who ensure that the charity has guidelines in place to protect vulnerable people and other members of the public from behaviour such as unreasonable intrusion on a person's privacy, unreasonably persistent approaches for the purpose of procuring money or other property, and placing undue pressure on a person to give money or other property, in the course of, or in connection with, such activities.

#### **Plans for future periods**

#### **FUTURE DEVELOPMENTS**

On 1 September 2018, the School joined Alban Academies Trust.

The School's main objective is to remain financially viable. This will be done by planning income and expenditure to its maximum, as well as working to ensure that the school has a full roll.

The budget is regularly monitored to ensure that spending is in line with planned allocations. As the future is often uncertain with regards to school funding, the budget is planned with a further five years in mind.

The school has a School Development Plan and a five year premises/ICT plan. Consequently, it is the intention to deploy planned surplus monies to enhance teaching and learning, together with developing the premises, in line with the plans and the aspirations of Senior Leadership and Trustees.

Verulam School is continuing the process of refurbishing the infrastructure of the school buildings. The School has set monies aside to further develop the school premises, and will seek further money from the ESFA in order to enhance this.

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

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**a. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The leadership/management structure of Verulam School is reflected in its pay policy.

All key managers and the Headmaster undertake a rigorous target setting and performance management process, and this provides a basis for any pay award on top of the government's annual cost of living increase. Pay Bands for each level of management grade are agreed by the Governor's HR Committee; and any re-grading of any key manager is agreed and/or ratified by the Committee. The School uses the discretionary points of both the government's Leadership Group Pay Range and Headteacher Pay Range.

**b. TRADE UNION FACILITY TIME**

**Relevant union officials**

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

**Percentage of time spent on facility time**

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

**Percentage of pay bill spent on facility time** £

Total cost of facility time	-
Total pay bill	4,708,524
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the Trustees are 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

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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

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any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on and signed on its behalf by:



.....18.12.18  
**Mr John Acton**  
Chair of Trustees

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**VERULAM SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Verulam 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 Headmaster, 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 Verulam 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr. Paul Ramsey, Headmaster	6	6
Mr. Richard Kennedy, Chair to 16 October 2018	6	6
Mr. Gary Dunger	5	6
Mr. Richard Springall	5	6
Mr. Ben Clark	4	6
Mr. Nigel Gibbins	5	6
Mrs. Melanie Merriden	6	6
Mr. Daniel Tansley, Staff Governor	6	6
Mrs. Marion Brown	5	6
Mr. John Acton, Chair from 16 October 2018	6	6
Mr. Steve Hiscock, Staff Governor	5	6
Mr. Mark Quinton	4	6
Mr. Jonathan Pitkin	5	6
Ms. Sara Bailey, Staff Governor	0	1
Ms. Elisabeth Kragbe	6	6
Mr. Kiranjit Ahluwalia	5	6
Mr. Simon Threadkell	6	6
Mr. Steven Hiscock, Staff Governor	5	6
Mr. Ian Caminsky	2	2
Ms. Nicola Jackson	3	6

There have been no major changes to the composition of the governing body and its Committees. Consequently, there have been no major challenges to the governing body and its Committees. The main challenges have been to gain ESFA monies to further develop the premises, and steer the school to further improve results.

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**VERULAM SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. Mark Quinton, Chair to 4 October 2018	5	6
Mr. Paul Ramsey, Head Teacher	5	6
Mr. Richard Kennedy	5	6
Mr. Jonathan Pitkin	6	6
Mr. Gary Dunger	4	6
Mr. Ben Clark, Chair from 4 October 2018	1	6
Mr. Kiranjit Ahluwalia	2	6
Mr. Ian Caminsky	2	2

#### **REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of 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:

- Procurement practice is followed and is in line with government/European legislation
- Variances to budget of cost centres are analysed regularly and detailed analyses provided
- Formal procedures are in place with regards to the overspending of Faculty/Curriculum budgets. Those Faculties that overspend have an amount deducted from their next year's allocation
- The Headmaster/Business Manager present for approval to the Resources Committees expenditure over the value of £10,000
- Benchmarking costs against national and local data
- A prudent approach to waste is always taken, whilst promoting pupil learning
- Purchase order procedures operate to ensure that VAT can be re-claimed; and that Faculties keep within their boundaries
- Income Generation: Verulam Charitable Trust has been set up to provide fundraising opportunities. Additionally, Verulam has an active PTA which contributes to the money raised for spending on pupils
- Deployment of staff and tight staffing levels are analysed annually by the Governors' HR Committee
- Teaching staff are also subject to performance related pay policy
- The efficiency of teaching staff and their performance are analysed regularly by both the Governors' HR and Curriculum Committees

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Verulam School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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**VERULAM SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Hillier Hopkins LLP, the external auditors, to perform additional checks.

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

- Testing of bank reconciliations
- Testing of purchase systems
- Inspecting the contracts register
- Testing of trip income
- Testing the preparation of VAT returns
- Reviewing the payroll system
- Reviewing the Finance Manual
- Inspecting income receipts from the ESFA and non ESFA

On a termly basis, the external auditors report to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Reviewer has fulfilled their obligations to us with regards to performing a range of checks on the financial systems, in particular the checks carried out in the current period included:

- Testing of bank reconciliations
- Testing of purchase systems
- Inspecting the contracts register
- Testing of trip income
- Testing the preparation of VAT returns
- Reviewing the payroll system

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**VERULAM SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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- Reviewing the Finance Manual, ensuring it is up to date and is sufficient in detail on financial procedures and financial delegation
- Inspecting income receipts from the ESFA and non ESFA to ensure monies are collected, correctly recorded and appropriate action taken on overdue amounts; ensuring that appropriate controls are in place and operating effectively

Their reports have generally been complimentary. Notable recommendations have been refining the inputting of fixed assets onto the finance software, and system restoration. These recommendations have been actioned.

**REVIEW OF EFFECTIVENESS**

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

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

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

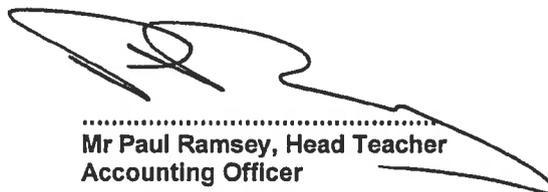
Approved by order of the members of the Board of Trustees on

and signed on their behalf, by:



.....  
Mr. John Acton,  
Chair of Trustees

18.12.18



.....  
Mr Paul Ramsey, Head Teacher  
Accounting Officer

19/12/18

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**VERULAM SCHOOL**  
(A company limited by guarantee)

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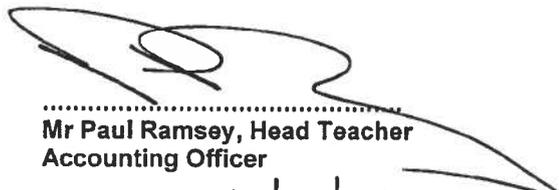
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Verulam 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.



.....  
**Mr Paul Ramsey, Head Teacher**  
**Accounting Officer**  
19/12/18

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**VERULAM 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 and signed on its behalf by:



.....  
Mr. John Acton      18/12/18  
Chair of Trustees

Date:

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
VERULAM SCHOOL**

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**OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
VERULAM 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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

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**VERULAM SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
VERULAM 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.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

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



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

Date:

*19th June 2018*

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**VERULAM SCHOOL**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 17 August 2011 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 Verulam 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 Verulam School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Verulam 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 Verulam School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF VERULAM SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Verulam School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.

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**VERULAM SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO VERULAM SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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- 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*

Hillier Hopkins LLP

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

Date: *19th December 2018*

**VERULAM 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	8,256	1,614	77,538	87,408	197,020
Charitable activities	3	550,407	5,668,965	-	6,219,372	6,286,715
Other trading activities	4	23,934	-	-	23,934	31,153
Investments	5	766	-	-	766	1,030
<b>TOTAL INCOME</b>		<b>583,363</b>	<b>5,670,579</b>	<b>77,538</b>	<b>6,331,480</b>	<b>6,515,918</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		428,732	6,004,555	494,814	6,928,101	6,800,251
<b>TOTAL EXPENDITURE</b>	6	<b>428,732</b>	<b>6,004,555</b>	<b>494,814</b>	<b>6,928,101</b>	<b>6,800,251</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	154,631 (7,461)	(333,976) (93,544)	(417,276) 101,005	(596,621) -	(284,333) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial gains on defined benefit pension schemes	21	-	333,000	-	333,000	1,185,000
<b>NET MOVEMENT IN FUNDS</b>		<b>147,170</b>	<b>(94,520)</b>	<b>(316,271)</b>	<b>(263,621)</b>	<b>900,667</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		617,259	(717,480)	19,988,089	19,887,868	18,987,201
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>764,429</b>	<b>(812,000)</b>	<b>19,671,818</b>	<b>19,624,247</b>	<b>19,887,868</b>

**VERULAM SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07690125**

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

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		19,666,777		19,988,089
<b>CURRENT ASSETS</b>					
Debtors	14	99,867		149,760	
Cash at bank and in hand		1,024,588		1,124,424	
		<u>1,124,455</u>		<u>1,274,184</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(334,701)</u>		<u>(324,551)</u>	
<b>NET CURRENT ASSETS</b>			<b>789,754</b>		<b>949,633</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>20,456,531</b>		<b>20,937,722</b>
<b>CREDITORS: amounts falling due after more than one year</b>	16		<u>(20,284)</u>		<u>(60,854)</u>
<b>NET ASSETS EXCLUDING PENSION</b>			<b>20,436,247</b>		<b>20,876,868</b>
Defined benefit pension scheme liability	21		<u>(812,000)</u>		<u>(989,000)</u>
<b>NET ASSETS INCLUDING PENSION</b>			<b>19,624,247</b>		<b>19,887,868</b>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	-		271,520	
Restricted fixed asset funds	17	19,671,818		19,988,089	
Restricted income funds excluding pension		<u>19,671,818</u>		<u>20,259,609</u>	
Pension reserve		<u>(812,000)</u>		<u>(989,000)</u>	
Total restricted income funds			<b>18,859,818</b>		<b>19,270,609</b>
Unrestricted income funds	17		<u>764,429</u>		<u>617,259</u>
<b>TOTAL FUNDS</b>			<b>19,624,247</b>		<b>19,887,868</b>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

  
 .....  
 Mr. John Acton  
 Chair of Trustees

18/12/18

  
 .....  
 Mr. Ben Clark  
 Chair of Resources Committee

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>35,931</u>	<u>43,072</u>
<b>Cash flows from investing activities:</b>			
Interest income		766	1,030
Purchase of tangible fixed assets		(194,173)	(430,586)
Capital grants from DfE Group		75,243	135,058
Capital funding received from sponsors and others		2,295	59,687
Fixed asset correction		20,671	-
<b>Net cash used in investing activities</b>		<u>(95,198)</u>	<u>(234,811)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(40,569)	(40,568)
<b>Net cash used in financing activities</b>		<u>(40,569)</u>	<u>(40,568)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(99,836)</b>	<b>(232,307)</b>
Cash and cash equivalents brought forward		<u>1,124,424</u>	<u>1,356,731</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>1,024,588</u></u>	<u><u>1,124,424</u></u>

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**VERULAM 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.

Verulam School constitutes a public benefit entity as defined by FRS 102.

**1.2 Company status**

The academy is a company limited by guarantee. The members of the company are named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 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.

On the 1st September 2018, the activity of the school was transferred to the Alban Academies Trust (AAT), which became a multi-academy trust with Sandringham School, Ridgeway Academy and Verulam School as members. The accounts have not been prepared on a break up basis because the activity of the trust was transferred to another legal entity and the assets and liabilities were transferred at book value. At the date of signing the accounts, the academy trust was dormant. Verulam School have secured funding of £5,498,116 (AY 18/19 GAG Statement) from the ESFA for the next Academic year.

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**VERULAM 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 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.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

**1.5 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 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.

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**VERULAM 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)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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:

Long-term leasehold land	-	Over the length of the lease
Long-term leasehold property	-	2% Straight line
Fixtures, fittings and equipment	-	20% Straight line

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.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

The Academy occupies the land and buildings on a long-term lease, with the landlord being Hertfordshire County Council. The lease term is for 125 years with a 'peppercorn' rent.

**1.8 Debtors**

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

**1.9 Cash at Bank and in hand**

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

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**VERULAM 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)**

**1.10 Liabilities and provisions**

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

**1.11 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 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.

**1.12 Taxation**

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

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**VERULAM 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)**

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.

**1.14 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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**VERULAM 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)**

**1.15 Critical accounting estimates and areas of judgment**

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

**Critical accounting estimates and assumptions:**

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

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

Critical areas of judgment:

**Valuation of tangible fixed assets**

Trustees have considered the value of tangible fixed assets. Changes in the circumstances or 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 the tangible fixed assets as 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.

**1.16 Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy does not have control over the charitable application of the funds. The academy trust does not use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 27.

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**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	8,256	1,614	2,295	12,165	61,962
Government grants	-	-	75,243	75,243	135,058
	<u>8,256</u>	<u>1,614</u>	<u>77,538</u>	<u>87,408</u>	<u>197,020</u>
<i>Total 2017</i>	<u>2,275</u>	<u>-</u>	<u>194,745</u>	<u>197,020</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)	-	5,508,724	5,508,724	5,563,493
Other DfE grants	-	38,084	38,084	26,127
Pupil Premium	-	96,565	96,565	105,424
	<u>-</u>	<u>5,643,373</u>	<u>5,643,373</u>	<u>5,695,044</u>
<b>Other government grants</b>				
Other government grants	-	25,592	25,592	52,648
	<u>-</u>	<u>25,592</u>	<u>25,592</u>	<u>52,648</u>
<b>Other funding</b>				
Trip income	237,371	-	237,371	196,306
Catering income	231,636	-	231,636	225,778
Other income	28,747	-	28,747	43,862
Other facilities income	52,653	-	52,653	73,077
	<u>550,407</u>	<u>-</u>	<u>550,407</u>	<u>539,023</u>
	<u>550,407</u>	<u>5,668,965</u>	<u>6,219,372</u>	<u>6,286,715</u>
<i>Total 2017</i>	<u>539,023</u>	<u>5,747,692</u>	<u>6,286,715</u>	

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Hire of facilities	23,934	-	23,934	31,153
<i>Total 2017</i>	31,153	-	31,153	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Interest received	766	-	766	1,030
<i>Total 2017</i>	1,030	-	1,030	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	<i>Total 2017 £</i>
Educational activities:					
Direct costs	3,929,343	-	896,743	4,826,086	4,757,438
Support costs	779,181	374,941	947,893	2,102,015	2,042,813
	4,708,524	374,941	1,844,636	6,928,101	6,800,251
<i>Total 2017</i>	4,631,057	751,289	1,417,905	6,800,251	

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Direct costs	4,826,086	2,102,015	6,928,101	6,800,251
<i>Total 2017</i>	<u>4,757,438</u>	<u>2,042,813</u>	<u>6,800,251</u>	

**Analysis of support costs**

	Activities £	Total 2018 £	Total 2017 £
Pension income	27,000	27,000	42,000
Staff costs	779,181	779,181	772,768
Depreciation	494,814	494,814	517,027
Recruitment	-	-	27,767
Premises maintenance costs	64,648	64,648	64,724
Rent and rates	46,208	46,208	36,866
Technology costs	66,118	66,118	73,480
Insurance costs	38,473	38,473	37,289
Heat and light costs	82,318	82,318	91,008
Printing, postage and stationery	12,918	12,918	12,698
Cleaning and caretaking costs	144,386	144,386	140,106
Professional fees	79,614	79,614	50,667
Other support costs	257,837	257,837	160,987
Governance costs	8,500	8,500	15,426
	<u>2,102,015</u>	<u>2,102,015</u>	<u>2,042,813</u>
<i>At 31 August 2017</i>	<u>2,042,813</u>	<u>2,042,813</u>	

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	494,814	517,027
Auditors' remuneration	7,300	7,000
Auditors' remuneration - non-audit	6,200	6,200
	<u>508,314</u>	<u>530,227</u>

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,471,021	3,433,338
Social security costs	354,632	347,907
Operating costs of defined benefit pension schemes	755,069	738,813
	4,580,722	4,520,058
Agency staff costs	127,802	110,999
	4,708,524	4,631,057

**b. Staff numbers**

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

	2018 No.	2017 No.
Teachers	66	64
Administration & Support	52	65
Management	8	9
	126	138

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	1	0
In the band £100,001 - £110,000	1	1

Of the above employees, three (2017: three) participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 employer pension contributions for these staff amounted to £39,702 (2017: £39,438).

Of the above employees, one (2017: one) participated in the Local Government Pension Scheme. During the year ended 31 August 2018, employer contributions for these staff amounted to £15,896 (2017: £16,411).

**d. Key management personnel**

The key management personnel of the academy trust comprise the Trustees, the Headmaster, the Deputy Head teachers and the School Business Manager. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £475,329 (2017: £499,851).

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**10. 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:

		2018 £	2017 £
Mr. Paul Ramsey	Remuneration	100,000-105,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Mrs. Amanda Harding	Remuneration	n/a	15,000-20,000
	Pension contributions paid	n/a	0-5,000
Mrs. Joanne Harrison	Remuneration	n/a	50,000-55,000
	Pension contributions paid	n/a	5,000-10,000
Mr. John Tromans	Remuneration	n/a	40,000-45,000
	Pension contributions paid	n/a	5,000-10,000
Mr Steven Hiscock	Remuneration	25,000-30,000	5,000-10,000
	Pension contributions paid	5,000-10,000	0-5,000
Mr Daniel Tansley	Remuneration	45,000-50,000	n/a
	Pension contributions paid	5,000-10,000	n/a
Mrs. Sara Bailey	Remuneration	20,000-25,000	n/a
	Pension contributions paid	5,000-10,000	n/a

During the year ended 31 August 2018, expenses totalling £773 (2017 - £298) were reimbursed to 3 Trustees (2017 - 1).

**11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,124 (2017 - £1,060).

**12. OTHER FINANCE EXPENSE**

	2018 £	2017 £
Interest income on pension scheme assets	68,000	49,000
Interest on pension scheme liabilities	(95,000)	(91,000)
	<u>(27,000)</u>	<u>(42,000)</u>

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2017	21,827,374	391,178	42,127	450,778	22,711,457
Additions	4,984	145,047	-	44,142	194,173
Prior year correction	(20,671)	-	-	-	(20,671)
At 31 August 2018	<u>21,811,687</u>	<u>536,225</u>	<u>42,127</u>	<u>494,920</u>	<u>22,884,959</u>
<b>Depreciation</b>					
At 1 September 2017	2,202,392	179,101	9,712	332,163	2,723,368
Charge for the year	381,646	50,411	4,205	58,552	494,814
At 31 August 2018	<u>2,584,038</u>	<u>229,512</u>	<u>13,917</u>	<u>390,715</u>	<u>3,218,182</u>
<b>Net book value</b>					
At 31 August 2018	<u><u>19,227,649</u></u>	<u><u>306,713</u></u>	<u><u>28,210</u></u>	<u><u>104,205</u></u>	<u><u>19,666,777</u></u>
At 31 August 2017	<u><u>19,624,982</u></u>	<u><u>212,077</u></u>	<u><u>32,415</u></u>	<u><u>118,615</u></u>	<u><u>19,988,089</u></u>

**14. DEBTORS**

	2018 £	2017 £
Other debtors	45,836	83,303
Prepayments and accrued income	54,031	66,457
	<u>99,867</u>	<u>149,760</u>

**15. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Other loans	40,569	40,568
Trade creditors	53,910	23,984
Other taxation and social security	86,826	87,373
Other creditors	93,152	91,611
Accruals and deferred income	60,244	81,015
	<u>334,701</u>	<u>324,551</u>

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**VERULAM 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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**15. CREDITORS: Amounts falling due within one year (continued)**

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	81,015	109,481
Resources deferred during the year	60,244	81,015
Amounts released from previous years	(81,015)	(109,481)
	<u>60,244</u>	<u>81,015</u>
Deferred income at 31 August 2018	<u>60,244</u>	<u>81,015</u>

At the balance sheet date academy trust was holding funds received in advance from trips booked for the 2018/19 academic year.

**16. CREDITORS: Amounts falling due after more than one year**

	2018 £	2017 £
Other loans	<u>20,284</u>	<u>60,854</u>

Other government grants repayable is made up of a Condition Improvement Fund (CIF): Salix loan. The four year loan is interest free and unsecured.

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**17. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Designated funds</b>						
Designated contingency fund	62,174	-	-	-	-	62,174
<b>General funds</b>						
General Funds	555,085	583,363	(428,732)	(7,461)	-	702,255
Total Unrestricted funds	617,259	583,363	(428,732)	(7,461)	-	764,429
<b>Restricted funds</b>						
General Annual Grant (GAG)	271,520	5,546,808	(5,724,784)	(93,544)	-	-
Pupil Premium	-	96,565	(96,565)	-	-	-
Other DfE grants	-	14,713	(14,713)	-	-	-
Other government grants	-	10,879	(10,879)	-	-	-
Other income	-	1,614	(1,614)	-	-	-
Pension reserve	(989,000)	-	(156,000)	-	333,000	(812,000)
	(717,480)	5,670,579	(6,004,555)	(93,544)	333,000	(812,000)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	19,988,089	-	(494,814)	173,502	-	19,666,777
EFA capital grants	-	75,243	-	(70,202)	-	5,041
Capital donations	-	2,295	-	(2,295)	-	-
	19,988,089	77,538	(494,814)	101,005	-	19,671,818
Total restricted funds	19,270,609	5,748,117	(6,499,369)	7,461	333,000	18,859,818
Total of funds	19,887,868	6,331,480	(6,928,101)	-	333,000	19,624,247

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 school that has been provided to the academy via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**17. STATEMENT OF FUNDS (continued)**

meals. The purpose is to raise attainment for pupils from low income families.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion. Future GAG funding agreed by the ESFA is expected to be sufficient to take the fund back into surplus.

The restricted fixed asset fund includes the leasehold land and buildings and all other fixed assets greater than £1,000. Depreciation charged on the assets is allocated to the fund. The transfer of restricted funds to the fixed asset reserve fund represents the spending of restricted monies for fixed asset additions in line with the terms of the grant.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 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/ (Losses)</i>	<i>Balance at 31 August 2017</i>
	£	£	£	£	£	£
<b>General funds</b>						
General funds	249,331	573,480	(386,716)	118,990	-	555,085
Designated contingency fund	62,174	-	-	-	-	62,174
	<u>311,505</u>	<u>573,480</u>	<u>(386,716)</u>	<u>118,990</u>	<u>-</u>	<u>617,259</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	493,177	5,563,492	(5,549,307)	(235,842)	-	271,520
Pupil Premium	-	105,424	(105,424)	-	-	-
Other DfE grants	-	26,127	(26,127)	-	-	-
Other government grants	-	52,650	(52,650)	-	-	-
Other income	118,990	-	-	(118,990)	-	-
Pension reserve	(2,011,000)	-	(163,000)	-	1,185,000	(989,000)
	<u>(1,398,833)</u>	<u>5,747,693</u>	<u>(5,896,508)</u>	<u>(354,832)</u>	<u>1,185,000</u>	<u>(717,480)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	20,074,529	194,745	(517,027)	235,842	-	19,988,089
<b>Total of funds</b>	<u><u>18,987,201</u></u>	<u><u>6,515,918</u></u>	<u><u>(6,800,251)</u></u>	<u><u>-</u></u>	<u><u>1,185,000</u></u>	<u><u>19,887,868</u></u>

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	19,666,777	19,666,777
Current assets	818,697	300,717	5,041	1,124,455
Creditors due within one year	(54,268)	(280,433)	-	(334,701)
Creditors due in more than one year	-	(20,284)	-	(20,284)
Provisions for liabilities and charges	-	(812,000)	-	(812,000)
	<u>764,429</u>	<u>(812,000)</u>	<u>19,671,818</u>	<u>19,624,247</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	-	-	19,988,089	19,988,089
Current assets	698,274	575,908	-	1,274,184
Creditors due within one year	(81,015)	(243,534)	-	(324,551)
Creditors due in more than one year	-	(60,854)	-	(60,854)
Provisions for liabilities and charges	-	(989,000)	-	(989,000)
	<u>617,259</u>	<u>(717,480)</u>	<u>19,988,089</u>	<u>19,887,868</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(596,621)	(284,333)
<b>Adjustment for:</b>		
Depreciation charges	494,814	517,027
Interest income	(766)	(1,030)
Decrease/(increase) in debtors	49,893	(104,944)
Increase/(decrease) in creditors	10,149	(51,903)
Capital grants from DfE and other capital income	(77,538)	(194,745)
Defined benefit pension scheme cost less contributions payable	129,000	121,000
Defined benefit pension scheme finance cost	27,000	42,000
<b>Net cash provided by operating activities</b>	<u>35,931</u>	<u>43,072</u>

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**VERULAM 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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**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	1,024,588	1,124,424
Total	<u>1,024,588</u>	<u>1,124,424</u>

**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 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

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**21. PENSION COMMITMENTS (continued)**

- 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 £439,265 (2017 - £423,572).

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 £241,000 (2017 - £246,000), of which employer's contributions totalled £193,000 (2017 - £195,000) and employees' contributions totalled £48,000 (2017 - £51,000). The agreed contribution rates for future years are 25.3% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

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

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

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**21. PENSION COMMITMENTS (continued)**

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>1,585,230</b>	1,714,050
Corporate bonds	<b>1,046,850</b>	659,250
Property	<b>239,280</b>	184,590
Cash and other liquid assets	<b>119,640</b>	79,110
	<hr/> <b>2,991,000</b> <hr/>	<hr/> 2,637,000 <hr/>

The actual return on scheme assets was £148,000 (2017 - £59,000).

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>(322,000)</b>	(316,000)
Interest income	<b>68,000</b>	49,000
Interest cost	<b>(95,000)</b>	(91,000)
	<hr/> <b>(349,000)</b> <hr/>	<hr/> (358,000) <hr/>
Actual return on scheme assets	<hr/> <b>148,000</b> <hr/>	<hr/> 59,000 <hr/>

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

	<b>2018 £</b>	<i>2017 £</i>
Opening defined benefit obligation	<b>3,626,000</b>	4,384,000
Current service cost	<b>322,000</b>	316,000
Interest cost	<b>95,000</b>	91,000
Employee contributions	<b>48,000</b>	51,000
Actuarial gains	<b>(253,000)</b>	(1,175,000)
Benefits paid	<b>(35,000)</b>	(41,000)
	<hr/> <b>3,803,000</b> <hr/>	<hr/> 3,626,000 <hr/>
Closing defined benefit obligation	<hr/> <b>3,803,000</b> <hr/>	<hr/> 3,626,000 <hr/>

**VERULAM SCHOOL**  
(A company limited by guarantee)

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

**21. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	2,637,000	2,373,000
Interest income	68,000	49,000
Actuarial gains	80,000	10,000
Employer contributions	193,000	195,000
Employee contributions	48,000	51,000
Benefits paid	(35,000)	(41,000)
	<u>2,991,000</u>	<u>2,637,000</u>
Closing fair value of scheme assets	<u>2,991,000</u>	<u>2,637,000</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	9,082	10,668
Between 1 and 5 years	10,135	19,217
	<u>19,217</u>	<u>29,885</u>
Total	<u>19,217</u>	<u>29,885</u>

**23. MEMBERS' LIABILITY**

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

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**VERULAM 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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**24. RELATED PARTY TRANSACTIONS**

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

During the year, the Academy made purchases relating to the supply of hire equipment totalling £4,644 (2017: £4,901) from Hire One (St Albans) Ltd, a company in which academy Governor Mr B Clark is a Director. £nil (2017: £nil) was due to Hire One (St Albans) Ltd at year end. Purchases have been supplied at cost.

During the year ended 31 August 2018, Verulam Charitable Trust (VCT), a connected charity donated £900 (2017: £49,000) to the Academy.

During the year ended 31 August 2018, one member of staff, who is deemed a close relative of key management personnel, was paid gross remuneration (including employer's pension contributions) of £55,243 (2017: £53,328).

**25. POST BALANCE SHEET EVENTS**

On 1 September 2018, the activity of the school was transferred to Alban Academies Trust (AAT), which became a multi-academy trust with Verulam School, Sandringham School and Ridgeway Academy as members. At the date of signing the accounts, the academy trust was dormant.

**26. CONNECTED CHARITIES**

Verulam Charitable Trust (VCT) is a connected charity of Verulam School. The charity's main activity is improving the education and welfare of the pupils and staff of Verulam School by promoting and widening access to education.

A summary of the unaudited accounts for the year ended 31 March 2018 is as follows:

	2018	2017
	£	£
Total assets	12,260	44,209
Total liabilities	-	-
Net funds	12,260	44,209
	-	-
Incoming resources	17,951	27,300
Resources expended	(49,900)	-
(Deficit)/Surplus	(31,949)	27,300

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**VERULAM 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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**27. AGENCY ARRANGEMENTS**

The academy distributes 16-19 bursary funds to students as an agent for the ESFA. The academy brought forward £4,491 (2017: £5,017) of 16-19 bursary funds from the year ended 31 August 2017. For the year ended 31 August 2018, the academy received £11,758 (2017: £11,440) and disbursed £9,365 (2017: £11,966) from the fund. An amount of £6,884 (2017: £4,491) is included in other creditors as at 31 August 2018 relating to undistributed funds that is permitted to be carried forward into the next financial year to be spent on the purpose of the bursary. Any unspent amounts are ultimately repayable to the ESFA.