
PARMITER'S SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

PARMITER'S SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 48

PARMITER'S SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mrs J Glossop
Mr M F H Hammond
Mrs M Kingston
Mr A Mehmet
Mr C Partridge, Chairman of the Academy Trust
Mr K Robertson
Mr W Weisman

Trustees

Mr A Mehmet, Chairman of Trustees¹
Mr C Partridge^{1,2}
Mr K Robertson^{1,2}
Mr N Daymond (resigned 31 December 2017)
Mrs C Farrelly
Ms A Heathcote¹
Mr J F Hubbard²
Mr A D O'Brien
Mr L J Pilgrim
Mr S Westwood
Mr S Namdarkhan
Mr M Smith
Miss N Davison
Mrs J E Stevens, Interim head (Jan to Apr 18) (appointed 1 January 2018, resigned 15 April 2018)
Mr M W H Jones, Headmaster and Principal Accounting Officer (appointed 16 April 2018)
Mr R Booth (appointed 1 July 2018)

¹ Finance & Resources Committee

² Audit Committee

Company registered number

07662765

Company name

Parmiter's School

Principal and registered office

Parmiter's School
High Elms Lane
Garston
Watford
WD25 0UU

Senior Leadership Team

Mrs E Berks
Mr A Biggs
Mrs H Clark
Mr N Daymond, resigned 31 December 2017
Mr M Tookey
Mrs J Johnstone
Mr A Redmond
Mrs J Stevens
Mr T Henson
Mr M W H Jones, appointed 16 April 2018

PARMITER'S SCHOOL
(A company limited by guarantee)

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

Advisers (continued)

Independent auditors	Hillier Hopkins LLP Chartered Accountants Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP
-----------------------------	---

Bankers	Barclays 62/64 High Street Watford Herts WD17 2BT
----------------	---

PARMITER'S SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees of Parmiter's School Academy Trust present their annual report together with the audited financial statements of Parmiter's School for the period 1st September 2017 to 31st August 2018. The annual report serves the purpose of both a Members' and Governors'/Directors' report as the Trustees of the Academy Trust under company law.

The Academy Trust operates an academy for pupils aged 11 to 19 in Garston near Watford. It has a pupil capacity of 1454 and had a roll of 1439 in the school census on 1st November 2017. Parmiter's School agreed to take an additional 20 students per year starting in September 2011 until September 2016. As of the census on 14th October 2015 we had taken an additional 80 pupils. In September 2016 the 6th form increased by 6 and an additional 13 in September 2017. The 6th form is due to increase by a further 24 in September 2018, totaling 412 6th form students.

Structure, governance and management

a. CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity.

The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Parmiter's School Academy Trust are mostly Governors/Directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as Parmiter's School.

Details of the Members, Governors/Directors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

In addition to the Members, the Academy Trust has the following Governors/Directors:

Mr N Daymond	(Headmaster & Principal Accounting Officer – up until December 17)
Mrs J Stevens	(Interim Headmaster & Principal Accounting Officer – January 18 to April 18)
Mr M Jones	(Headmaster & Principal Accounting Officer – From April 18)
Mrs C Farrelly	
Ms A Heathcote	
Mr J F Hubbard	
Mr A D O'Brien	
Mr L J Pilgrim	
Mr S Westwood	
Miss N Davison	
Mr M Smith	
Mr S Namdarkhan	
Mr R Booth	(appointed 1 July 2018)

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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. MEMBERS' INDEMNITIES

Since the incorporation of the Charitable Company on 8 June 2011, the Members and Governors/Directors have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 11 to the Financial Statements the limit of this indemnity is £5,000,000.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Members of the Academy Trust shall comprise:

- a. The signatories to the Memorandum, one of whom is the Chairman of the Governors of the Academy Trust and two others.
- b. Up to 10 persons who may be appointed by the Members;
- c. 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- d. Any person appointed under Article 16 (of the Memorandum and Articles) which reads: "The Members may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members."

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Members or Governors/Directors will depend on their existing experience. Where necessary, induction will provide training in charity and educational legal and financial matters. All Members and Governors/Directors are provided with the information needed (including policies, minutes, budgets etc.) to undertake their role and are made aware of external training opportunities by the Link Governor (Training). The Academy Trust also buys into the Governor Training Scheme run by the Local Authority and tailored training packages from FASNA.

f. ORGANISATIONAL STRUCTURE

Academy Trust Members have overall responsibility for the Board of Governors/Directors and its committees. The Board of Governors/Directors comprises those persons appointed under the Articles of Association. The Board meets at least four times a year and has several committees, including a Finance & Resources Committee, an Audit Committee, a Standards & Curriculum Committee, a Community Committee and an Admissions Committee. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members. The Board of Governors/Directors delegates specific responsibilities to its Committees, the activities of which are reported to and discussed at full Board Meetings. Day to day management of the Academy is undertaken by the Headmaster, supported by the Senior Leadership Team.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

g. RISK MANAGEMENT

The Governors/Directors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance, financial sustainability and performance, health and safety, student and staff welfare, admissions, recruitment, school trips and events, and community access. They have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Parmiter's School Foundation is a related party through common control. The objects of the Parmiter's School Foundation are to promote education and provide support for Parmiter's School and its pupils. Below is the list of contributions over the last 2 years:

Donation amount	Purpose	Year donated
£15,000	Contribution from Gold Membership for TES recruitment	2018
£64,000	Contribution from Parental Donations	2018
£17,300	Contribution towards Sports Centre Flooring and Air Con	2018
£9,502	Contribution towards low income families for buses	2018
£9,995	Contribution towards the tractor for the school grounds	2018
£64,000	Contribution from Parental Donations	2017
£10,644	Contribution towards low income families for buses	2017
£330,728	Contribution towards the resurfacing of the 3G FTP	2017

The freehold of the land on which the Academy is situated, and of all school buildings apart from the Maths block and the 3G All-weather pitch, is held by the Parmiter's School Foundation. As a result of an agreement between the Parmiter's School Foundation and the Secretary of State for Education, the Academy has the right to operate from the land and buildings as long as the Academy's Funding Agreement is in place. During the year 2017/18 the Parmiter's School Foundation incurred expenses of £5,197 (£5,000 Headmaster recruitment fees and £197 tractor) which relate to the activities of the Academy.

The Parmiter's School Parents' Association is a related party through common control. In the year the Parents' Association donated £52,844 (2017: £19,278) to the Academy. This includes £20,000 towards a new CCTV system, £6,000 towards two containers for Music and Art, £9,000 towards a new hall projector and other miscellaneous items.

Objectives and Activities

a. OBJECTS AND AIMS

The ethos of Parmiter's School is epitomised by the school motto -"Nemo sibi nascitur" (No one is born unto himself alone). As members of the Parmiter's family we are committed to serving each other and our wider community in the way Thomas Parmiter, our founder, intended.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Parmiter's School is committed to:

PARMITER'S SCHOOL
(A company limited by guarantee)

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

- o the pursuit of excellence in all that we do;
- o providing a broad education designed to enable every young person to achieve their full potential and make the most of their talents;
- o creating a healthy, happy, disciplined and supportive environment which promotes an independent work ethic and a love of learning;
- o engendering respect for individuality and difference so that all will feel secure and equally valued;
- o nurturing a sense of social responsibility and spiritual and personal development;
- o fostering integrity, confidence, resilience, creativity, good manners and sensitivity to the needs of others.

Our primary aim is for each Parmiterian to be self-assured and caring, an active and well-rounded citizen with integrity, who respects others and contributes to society. Our detailed objectives and activities are outlined in our three-year strategic improvement plan.

c. PUBLIC BENEFIT

Parmiter's School Academy Trust is a charitable trust which seeks to benefit the public through the pursuit of its stated aims and objectives (see above). The Members and Governors/Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

d. ACHIEVEMENTS AND PERFORMANCE

Our academic results remained high against a backdrop of curriculum and assessment changes:

At GCSE, 94% of Year 11 achieved 5 or more passes and 91% achieved 5 or more passes including Maths and English. The GCSE progress 8 score was 0.55 in 2018 which is well above average. At A level, our Upper Sixth Formers achieved an average points score per subject entry of 107 with 78.9% of all entries at A*-B. These were strong results achieved by talented and committed students taught and supported by our hardworking and professional staff.

Other key achievements and activities in the 2017/18 academic year have included:

- o Science senior leadership restructure
- o Successfully transitioned through change of headship
- o Further development of the Herts & Bucks Teaching School Alliance in which Parmiter's is a strategic partner. Parmiter's has responsibility for School Direct Teachers across the alliance.
- o Two excellent whole school concerts, a whole school drama production, the Carol Service and two Picnic Concerts. Further outstanding success in sports competitions.
- o Numerous trips and visits at home and abroad to enhance the curriculum.
- o Further development of the site and facilities including continued maintenance of the aging buildings.

Achievements and performance

a. GOING CONCERN

After making appropriate enquiries, the Board of Governors/Directors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the immediate future once a recovery plan is approved in autumn 2018 and implemented for the year beginning September 2019. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Parmiter's has strived to make efficiencies year on year for the last 4 years, like most schools, it is now facing a deficit position and we will struggle to set a balanced budget in the coming years. A detailed recovery plan is being approved and implemented which is causing some cuts across the school, unless government settlements improve.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

b. KEY PERFORMANCE INDICATORS

No key financial performance indicators have been set by the Board of Governors/Directors, beyond the requirement that the financial position should remain sufficient to fund future needs. The principal performance measures are non-financial; they are largely educational and pastoral.

Financial Review

a. PRINCIPAL RISKS AND UNCERTAINTIES

Most of the Academy's income is obtained from the DfE (via the Education and Skills Funding Agency) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes. The General Annual Grant received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

At 31 August 2018 the net book value of fixed assets was £2,293,131 and details are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy held fund balances at 31 August 2018 of £732,515 comprising £2,304,130 of fixed asset fund and (£1,331,000) pension deficit. This element of funds is not therefore available for future spending. Restricted funds are in deficit of £240,615. In common with other Academies and Local Authorities our share of the LGPS fund is in deficit. This amounted to £1,331,000 at 31 August 2018.

b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy Trust keeps spendable reserves under constant review to ensure that it has sufficient income to run the Academy on an efficient basis without affecting the quality of teaching and learning.

There are a number of risks and uncertainties that can impact the performance of the Academy, many of which are beyond the control of the Academy Trust. These trends and risks are a focus of the annual Governance planning meeting and Senior Leadership Team meetings throughout the year. Currently the principal risks and uncertainties are considered to be as follows:

Financial: Since 2014/15 and through to 2016/17 increases in employers Teachers' Pension and National Insurance contributions along with standstill budgets and decreased Sixth Form budgets has impacted the budget and any reserves. A material decrease in income would adversely affect provision. This was mitigated by raising the published admissions number (PAN) from 186 to 206 and again to 208 in 2015/16 and improving recruitment to the Sixth Form. Parmiter's remains one of the most oversubscribed schools in Hertfordshire in spite of recent changes to the admissions process and is unlikely to be affected by falling rolls since Watford and district is an area of demographic growth.

With finances growing ever tighter the finance policy for the school has been reviewed to include a more up to date and comprehensive purchasing procedure for all departments to adhere to.

In 2016/17 the employer's contributions for support and teaching staff pensions increased further which has put further strain on the school's finances.

In 2017/18 the school is showing a cash deficit position due to the ever increasing pressures on spend and funding increases not matching the expenditure.

In 2018/19 the GAG income is actually less than in 2017/18 although the student numbers have increased. This

PARMITER'S SCHOOL
(A company limited by guarantee)

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

will further impact the deficit cash position.

In 2019/20 the Employers contributions for Teachers' Pensions shall increase by a further 7.12% which will impact the staffing budget by a further £255,000.

It is necessary to produce a financial recovery plan in 2018/19 in order to address the short falls in funding and make cuts across the expenditure budget. This recovery plan is to be approved by a ESFA and fully implemented in school by September 2019.

Reputational: the continuing success of the Academy depends on maintaining the Academy's distinctive ethos and maintaining the highest educational standards. To mitigate this risk, the Members, keep the ethos and aims of the Academy under constant review to ensure that student achievement is closely monitored and reviewed.

Staff retention and recruitment: possibly the single biggest risk to the school would be the failure to retain key staff or recruit high quality staff when vacancies occur, particularly in leadership posts and increasingly in most subject areas since supply is not keeping pace with demand. Academic success (see above) depends on the input of high quality staff. Our commitment to continuing professional development and initial teacher training, now bolstered by our involvement as a strategic partner in the Herts & Bucks Teaching School Alliance, helps the Academy to mitigate this risk.

Safeguarding and child protection: The Governors/Directors continue to ensure that the highest standards are maintained in the areas of selection, monitoring and training of staff, the operation of child protection policies and procedures, health and safety, and discipline.

Failures in governance and/or management: the risk in this area arises from the potential failure to manage effectively the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Governors/Directors continue to review their own effectiveness across all their areas of responsibility and ensure that, through training and monitoring using internal and external agents, these risks are mitigated.

Accommodation: As mentioned in previous years many of our original buildings have now outlived their intended lifespan and are becoming very costly to maintain. Without significant capital investment, the risk of having to shut down buildings where heating systems have failed etc. is rising all the time. The Governors/Directors are again seeking capital funding to address this issue in the next round of Condition Improvement Fund (CIF).

c. RESERVES POLICY

Under its Funding Agreement with the Secretary of State for Education, Parmiter's School is no longer subject to a restriction regarding the amount of General Annual Grant (GAG) that can be carried forward.

The reserves policy divides reserve into restricted and unrestricted reserves. Restricted reserves are held for specific purposes, and unrestricted reserves are held to deal with unexpected events and emergencies. The approximate value of the unrestricted reserves should be sufficient to cover one month's running costs of the Academy, but due to diminishing sixth form funding and rising salary costs this is no longer possible.

Due to tighter income and expenditure restraints the reserves are now depleted. Parmiter's has put into place extra controls to ensure that the school does not slip into a declining deficit, however, with aging buildings and emergency payments needed to keep the school open, Parmiter's now finds itself in a deficit cash position. The controls on department budgets and purchasing are tighter to fit the new budget figures. Daily and weekly cash flow is monitored and monthly management accounts to ensure spending patterns are kept on target.

In common with other Academies and Local Authorities our share of the LGPS fund is in deficit. This amounted to £1,331,000 at 31 August 2018. This is a significant decrease from last year's £1,524,000.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

d. INVESTMENT POLICY

There are no investments held beyond cash and fixed term deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Fundraising

Parmiter's students come together for one day a year labelled "The Big Day" and raise funds for specified charities. A number of sixth form students run a young enterprise scheme to raise funds for designated charities every year. Parmiter's does not engage in professional or commercial fundraisers. Parmiter's was not subject to any undertaking or voluntary standard in respect of fundraising activities. Parmiter's monitored the fund raising co-ordinator by means of receiving the income into the finance office and making payments to certified charities as designated by the student body. No complaints were received regarding fundraising activities. Students of Parmiter's School are supervised when raising funds for charitable purposes.

Plans for Future Periods

a. FUTURE DEVELOPMENTS

The principal task facing the school is to maintain the excellent educational standards achieved by the school. More specifically, over the next two years, the school plans to continue with a rolling programme of building and site maintenance which will include seeking funds to replace the Science block, to make the school more energy efficient, upgrading of toilets, general refurbishment and redecoration. Much of this development is to be funded via grants that the school is eligible to apply for.

b. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Key Management personnel are subject to professional development appraisals annually; if they are successful they will be awarded one point on their scale per year. Each Key Management Personnel has 5-7 points in their pay range, once they reach the top of their pay range they will only be subject to the percentage cost of living increase. All staff received a 1% to 2% cost of living pay increase despite professional development reviews, funding pressures or changes in 2017/18.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

c. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

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

Total cost of facility time	4,831	
Total pay bill	6,496,243	
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	100	%
---	------------	---

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

During the year to 31 August 2018 Parmiter's School did not hold any funds as a Custodian Trustee on behalf of any other charitable organisation.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

For the financial year 2017/18 the Trustees have remained with the auditors appointed in 2013/14.

The Trustees' report was approved by order of the Board of Members and Governors/Directors, as the company directors, on *11.12.2018* and signed on its behalf by:


.....
Mr C Partridge
Chairman of Academy Trust

PARMITER'S SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Parmiter's School Academy Trust 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 has delegated the day-to-day responsibility to the Headmaster, as Principal 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 Parmiter's School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board 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 has formally met 4 times during the year. Attendance during the year at meetings of the Board was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Mehmet, Chairman of Trustees	4	4
Mr C Partridge	4	4
Mr K Robertson	4	4
Mr N Daymond (resigned 31 December 2017)	1	1
Mrs C Farrelly	4	4
Ms A Heathcote	2	4
Mr J F Hubbard	4	4
Mr A D O'Brien	3	4
Mr L J Pilgrim	4	4
Mr S Namdarkhan	4	4
Mr M Smith	2	4
Miss N Davison	3	4
Mrs J E Stevens, Interim head (Jan to Apr 18)	3	4
Mr M W H Jones, Headmaster and Principal	3	3
Accounting Officer		
Mr R Booth	1	1

The Finance & Resources Committee is a sub-committee of the main Board. Its purpose is to assist and support the Board, ensuring sound oversight is exercised over the management of the Academy's finances and resources.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr C Partridge, Chairman of the Finance & Resources Committee	5	5
Mr K Robertson	4	5
Mr A Mehmet	5	5
Mrs A Heathcote	4	5
Mr A O'Brien (ex officio)	3	5

PARMITER'S SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Audit Committee is also a sub-committee of the main Board .

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr K Robertson, Chairman of The Audit Committee	4	4
Mr C Partridge	4	4
Mr J F Hubbard	4	4
Mr P Windmill (Non-Governor, advisor to Governors)	2	4
Mrs J Johnstone (in attendance)	4	4
Mrs J Carroll (in attendance)	4	4

REVIEW OF VALUE FOR MONEY

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

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

Parmiter's School Academy Trust is committed to achieving Best Value in all decisions made. We strive to ensure that the school is using its resources effectively to meet the needs of students. We use the principles of Best Value as they apply to securing continuous improvement in this school and:

- Regularly review the functions for the school, challenging how and why services are provided and setting targets and performance indicators for improvement;
- Monitor outcomes and compare performance with similar schools and within the school;
- Consult appropriate stakeholders before major decisions are made; and
- Promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

We are committed to:

1. Raising student attainment

This is demonstrated by the results for 2017/2018 academic year which remained high. Full details are available on the website: www.parmiters.herts.sch.uk.

The Academy has fully embedded tracking systems for individual students and provides a range of targeted interventions that support progress from key Stage 2 through to the end of Key Stage 5.

2. Robust governance and oversight of Academy Trust finances

The Academy has appointed an Audit Committee which reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the Finance & Resources Committee.

The Academy receives support throughout the year from its External Auditors on compliance and accounting practices.

PARMITER'S SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Finance & Resources committee receives quarterly budget monitoring reports. The Members approve the budget each year and are mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The Trust also receives and approves the External Auditors' Annual Report and Financial Statements.

3. Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources

The Academy benchmarks financial performance against other academy trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

For purchases above £1,500 and £10,000 two quotations are required. For purchases above £10,000 but below the tender limit, three quotations are required.

4. Maximising income generation

The Academy explores every opportunity to generate income through catering arrangements, hire of Academy facilities and support to other school.

5. Reviewing controls and managing risks

The Headteacher and Director of Finance & Resources review budget monitoring reports and address any significant variances against budget. The Finance & Resources Committee review expenditure within each budget heading annually and make adjustment based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the Strategic Improvement Plan.

The Academy Trust works with other schools collaboratively to ensure that procurement costs are kept to a minimum.

The Academy maximises its resources by its environmental policies. These include close monitoring of energy consumption, recycling and reducing waste and procurement.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The Board has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board ;
- regular reviews by the Finance & 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 reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

The Board of Governors/Directors is satisfied that the Audit Committee function has been fully delivered in line with the ESFA's requirements. No material control issues have been notified to Board as a result of the Audit Committee's' work.

On a quarterly basis, the reviewer reports to the Board through the audit committee on the operation of the systems of control and on the discharge of the Board ' financial responsibilities.

REVIEW OF EFFECTIVENESS

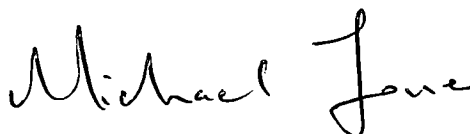
As Principal Accounting Officer, the Headmaster has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Principal Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 on *11/12-2018* and signed on their behalf, by:


.....
Mr C Partridge
Chairman of Academy Trust


.....
Mr M W H Jones
Principal Accounting Officer

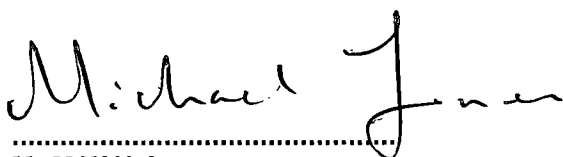
PARMITER'S SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Principal Accounting Officer of Parmiter's School Academy Trust I have considered my responsibility to notify the academy trust Board of Members 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 Members 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 Members and ESFA.



.....
Mr M W H Jones
Principal Accounting Officer

PARMITER'S SCHOOL
(A company limited by guarantee)

**MEMBERS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who act as Members or Governors/ Directors of Parmiter's School and 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 on *11.12.2018* and signed on its behalf by:



.....
Mr C Partridge
Chairman of Academy Trust

PARMITER'S SCHOOL
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of Parmiter's 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.3 to the financial statements concerning the academy's ability to continue as a going concern. The academy incurred a net deficit before actuarial gains on defined benefit pension schemes of £202,955 during the year ended 31 August 2018 and, at that date the academy's restricted reserves excluding fixed assets and pension liabilities were in deficit by £240,615. These conditions indicate the existence of a material uncertainty which may cast doubt about the academy's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the academy were unable to continue as a going concern.

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 has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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 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.

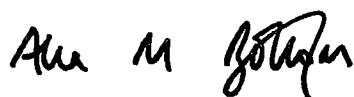
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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. 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 December 2018

PARMITER'S SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 23 July 2014 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 Parmiter's 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 Parmiter's School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Parmiter's 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 Parmiter's School and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF PARMITER'S SCHOOL'S PRINCIPAL ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Principal Accounting Officer is responsible, under the requirements of Parmiter's School's funding agreement with the Secretary of State for Education dated 8 June 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 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

- 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:

18th December 2018

PARMITER'S SCHOOL
(A company limited by guarantee)

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

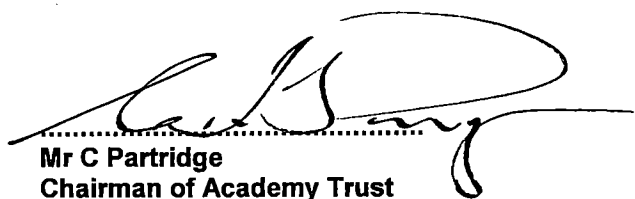
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	69,709	107,498	177,207	588,501
Charitable activities	3	1,780,441	7,078,302	-	8,858,743	8,529,261
Other trading activities	4	234,616	-	-	234,616	215,060
TOTAL INCOME		2,015,057	7,148,011	107,498	9,270,566	9,332,822
EXPENDITURE ON:						
Raising funds		13,527	-	-	13,527	13,539
Charitable activities		1,533,457	7,813,398	113,139	9,459,994	9,178,093
TOTAL EXPENDITURE	5	1,546,984	7,813,398	113,139	9,473,521	9,191,632
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	468,073 (468,073)	(665,387) 392,204	(5,641) 75,869	(202,955) -	141,190 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		-	(273,183)	70,228	(202,955)	141,190
Actuarial gains on defined benefit pension schemes	19	-	438,000	-	438,000	633,000
NET MOVEMENT IN FUNDS		-	164,817	70,228	235,045	774,190
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(1,736,432)	2,233,902	497,470	(276,720)
TOTAL FUNDS CARRIED FORWARD		-	(1,571,615)	2,304,130	732,515	497,470

PARMITER'S SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07662765

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		2,293,131		2,233,903
CURRENT ASSETS					
Debtors	13	341,755		258,129	
Cash at bank and in hand		33,955		213,267	
			<u>375,710</u>	<u>471,396</u>	
CREDITORS: amounts falling due within one year	14	(605,326)		(683,829)	
NET CURRENT LIABILITIES			<u>(229,616)</u>		<u>(212,433)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,063,515</u>		<u>2,021,470</u>
Defined benefit pension scheme liability	19	(1,331,000)		(1,524,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>732,515</u></u>		<u><u>497,470</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	(240,615)		(212,432)	
Restricted fixed asset funds	15	2,304,130		2,233,902	
			<u></u>	<u></u>	
Restricted income funds excluding pension liability		2,063,515		2,021,470	
Pension reserve		(1,331,000)		(1,524,000)	
			<u></u>	<u></u>	
Total restricted income funds			<u>732,515</u>		<u>497,470</u>
TOTAL FUNDS			<u><u>732,515</u></u>		<u><u>497,470</u></u>

The financial statements on pages 23 to 48 were approved by the Members, and authorised for issue, on 11/12/18 and are signed on their behalf, by:


Mr C Partridge
Chairman of Academy Trust

PARMITER'S SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	17	<u>(95,043)</u>	<u>(16,308)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(172,367)	(526,771)
Capital grants from DfE Group		46,154	174,494
Capital funding received from sponsors and others		<u>41,944</u>	<u>346,265</u>
Net cash used in investing activities		<u>(84,269)</u>	<u>(6,012)</u>
Change in cash and cash equivalents in the year		(179,312)	(22,320)
Cash and cash equivalents brought forward		<u>213,267</u>	<u>235,587</u>
Cash and cash equivalents carried forward	18	<u><u>33,955</u></u>	<u><u>213,267</u></u>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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.

Parmiter's 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 the Trustees 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.

The Board of Governors/Directors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the immediate future once a recovery plan is approved in autumn 2018 and implemented for the year beginning September 2019. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Parmiter's has strived to make efficiencies year on year for the last 4 years, like most schools, it is now facing a deficit position and we will struggle to set a balanced budget in the coming years. A detailed recovery plan is being approved and implemented which is causing some cuts across the school, unless government settlements improve.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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.

The school occupies land owned by the Parmiter's Foundation. The land is occupied rent free by the school. It is not considered practical to obtain a market value for the annual rent of the land for the purposes of the accounts.

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

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

All expenditure is inclusive of irrecoverable VAT.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 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:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Property Improvements	-	2% straight line
Furniture and fixtures	-	10% 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.

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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. 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 19, 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. None of the allocation has been used towards the trust's own administration costs. The funds received and paid and any balances held are disclosed in note 23.

The academy trust also acts as an agent in distributing the NCTL's training and salary grants to cover training costs for salaried trainees to achieve qualified teacher status. Grant monies received and the subsequent disbursements to lead schools are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The element of grant monies received in relation to staff based at the academy trust has been recognised in the statement of financial activities.

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	-	69,709	61,344	131,053	414,007
Capital Grants	-	-	46,154	46,154	174,494
	-	69,709	107,498	177,207	588,501
<i>Total 2017</i>	-	67,742	520,759	588,501	

PARMITER'S SCHOOL
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,704,761	6,704,761	6,612,742
Rates Relief	-	13,851	13,851	6,998
Pupil premium	-	77,801	77,801	81,748
	-	6,796,413	6,796,413	6,701,488
Other government grants				
SEN Income	-	31,347	31,347	42,640
NCTL School Direct	-	31,710	31,710	41,550
Other government grants	-	126,053	126,053	123,649
	-	189,110	189,110	207,839
Other funding				
Music income	102,632	-	102,632	89,770
Catering income	415,968	-	415,968	403,841
Other income	25,641	78,038	103,679	101,232
Examination income	-	14,741	14,741	11,567
Trip income	760,564	-	760,564	560,060
Journey income	475,636	-	475,636	453,464
	1,780,441	92,779	1,873,220	1,619,934
	1,780,441	7,078,302	8,858,743	8,529,261
Total 2017	1,527,857	7,001,404	8,529,261	

PARMITER'S 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>
Lettings income	180,236	-	180,236	158,484
Lottery income	10,081	-	10,081	11,107
Sale of goods and services	44,299	-	44,299	45,469
	<u>234,616</u>	<u>-</u>	<u>234,616</u>	<u>215,060</u>
<i>Total 2017</i>	<u>215,060</u>	<u>-</u>	<u>215,060</u>	

PARMITER'S SCHOOL
(A company limited by guarantee)

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

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					13,539
Direct costs	-	-	13,527	13,527	-
Support costs	-	-	-	-	-
Educational activities:					
Direct costs	5,043,940	-	1,106,464	6,150,404	6,038,943
Support costs	1,680,393	465,928	1,163,269	3,309,590	3,139,150
	<u>6,724,333</u>	<u>465,928</u>	<u>2,283,260</u>	<u>9,473,521</u>	<u>9,191,632</u>
<i>Total 2017</i>	<u>6,717,735</u>	<u>410,483</u>	<u>2,063,414</u>	<u>9,191,632</u>	

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational activities	<u>6,150,404</u>	<u>3,309,590</u>	<u>9,459,994</u>	<u>9,178,093</u>
<i>Total 2017</i>	<u>6,038,943</u>	<u>3,139,150</u>	<u>9,178,093</u>	

PARMITER'S SCHOOL
(A company limited by guarantee)

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

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Educational activities £	Total 2018 £	Total 2017 £
FRS102 pension cost	40,000	40,000	41,000
Staff costs	1,680,393	1,680,393	1,594,722
Depreciation	113,139	113,139	92,024
Journey expenditure	2,894	2,894	2,152
Trip expenditure	461,120	461,120	452,311
Recruitment	18,848	18,848	9,046
Premises maintenance costs	129,862	129,862	108,404
Rent and rates	50,053	50,053	45,837
Catering costs	332,872	332,872	306,912
Technology costs	57,568	57,568	61,154
Insurance costs	31,779	31,779	42,706
Heat and light costs	144,366	144,366	138,466
Printing, postage and stationery	55,734	55,734	64,376
Cleaning and caretaking costs	28,508	28,508	29,327
Professional fees	43,662	43,662	38,338
Other support costs	106,117	106,117	99,975
Governance costs	12,675	12,675	12,400
	<u>3,309,590</u>	<u>3,309,590</u>	<u>3,139,150</u>
<i>At 31 August 2017</i>	<u>3,139,150</u>	<u>3,139,150</u>	

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	113,139	92,024
Auditors' remuneration	7,800	7,500
Auditors' remuneration - non-audit	<u>4,875</u>	<u>4,900</u>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	5,099,008	5,112,815
Social security costs	489,516	481,893
Operating costs of defined benefit pension schemes	1,116,004	1,069,499
	<u>6,704,528</u>	<u>6,664,207</u>
Agency staff costs	7,305	31,028
Staff restructuring costs	12,500	22,500
	<u><u>6,724,333</u></u>	<u><u>6,717,735</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u>12,500</u>	<u>22,500</u>
---------------------	---------------	---------------

b. Non-statutory/non-contractual staff severance payments

During the year severance payments of £12,500 (2017: £22,500) were paid to 1 employee.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	100	116
Administration and support	85	81
Management	9	9
	<u>194</u>	<u>206</u>

d. 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	2
In the band £70,001 - £80,000	1	0
In the band £100,001 - £110,000	0	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 £33,716 (2017: £29,155).

PARMITER'S SCHOOL
(A company limited by guarantee)

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

8. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £589,773 (2017: £632,533).

9. 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 N Daymond	Remuneration	35,000-40,000	105,000-110,000
	Pension contributions paid	5,000-10,000	15,000-20,000
Mr M Jones	Remuneration	35,000-40,000	n/a
	Pension contributions paid	5,000-10,000	n/a
Mrs C Farrelly	Remuneration	5,000-10,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000

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

10. OTHER FINANCE CHARGE

	2018 £	2017 £
Interest income on pension scheme assets	82,000	58,000
Interest on pension scheme liabilities	(122,000)	(99,000)
	<u>(40,000)</u>	<u>(41,000)</u>

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £5,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

12. TANGIBLE FIXED ASSETS

	Property Improve- ments £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2017	2,218,389	86,594	27,207	221,408	2,553,598
Additions	71,020	5,250	18,495	77,602	172,367
At 31 August 2018	<u>2,289,409</u>	<u>91,844</u>	<u>45,702</u>	<u>299,010</u>	<u>2,725,965</u>
Depreciation					
At 1 September 2017	169,651	34,052	20,024	95,968	319,695
Charge for the year	47,033	10,005	9,141	46,960	113,139
At 31 August 2018	<u>216,684</u>	<u>44,057</u>	<u>29,165</u>	<u>142,928</u>	<u>432,834</u>
Net book value					
At 31 August 2018	<u>2,072,725</u>	<u>47,787</u>	<u>16,537</u>	<u>156,082</u>	<u>2,293,131</u>
At 31 August 2017	<u>2,048,738</u>	<u>52,542</u>	<u>7,183</u>	<u>125,440</u>	<u>2,233,903</u>

The land and buildings used by Parmiter's School is owned by the Parmiter's foundation with no lease agreement and therefore the value of these buildings are not included within the school accounts.

13. DEBTORS

	2018 £	2017 £
Trade debtors	44,000	6,332
Other debtors	57,031	105,984
Prepayments and accrued income	240,724	145,813
	<u>341,755</u>	<u>258,129</u>

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	140,075	273,729
Other taxation and social security	125,195	121,128
Other creditors	115,744	148,627
Accruals and deferred income	224,312	140,345
	<u>605,326</u>	<u>683,829</u>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

14. CREDITORS: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	128,211	90,415
Resources deferred during the year	205,415	128,211
Amounts released from previous years	(128,211)	(90,415)
	<u>205,415</u>	<u>128,211</u>
Deferred income at 31 August 2018	<u>205,415</u>	<u>128,211</u>

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

PARMITER'S SCHOOL
(A company limited by guarantee)

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

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	-	2,015,057	(1,546,984)	(468,073)	-	-
Restricted funds						
General Annual Grant (GAG)	(212,432)	6,704,761	(7,125,148)	392,204	-	(240,615)
Rates Relief	-	13,851	(13,851)	-	-	-
Pupil Premium	-	77,801	(77,801)	-	-	-
SEN Funding	-	31,347	(31,347)	-	-	-
Other government grants	-	113,253	(113,253)	-	-	-
Schools Direct	-	31,710	(31,710)	-	-	-
Exam income	-	14,741	(14,741)	-	-	-
Other restricted funds	-	90,838	(90,838)	-	-	-
Donations	-	69,709	(69,709)	-	-	-
Pension reserve	(1,524,000)	-	(245,000)	-	438,000	(1,331,000)
	<u>(1,736,432)</u>	<u>7,148,011</u>	<u>(7,813,398)</u>	<u>392,204</u>	<u>438,000</u>	<u>(1,571,615)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	2,233,902	-	(113,139)	172,367	-	2,293,130
ESFA capital grants	-	46,154	-	(46,154)	-	-
Donations	-	61,344	-	(50,344)	-	11,000
	<u>2,233,902</u>	<u>107,498</u>	<u>(113,139)</u>	<u>75,869</u>	<u>-</u>	<u>2,304,130</u>
Total restricted funds	<u>497,470</u>	<u>7,255,509</u>	<u>(7,926,537)</u>	<u>468,073</u>	<u>438,000</u>	<u>732,515</u>
Total of funds	<u>497,470</u>	<u>9,270,566</u>	<u>(9,473,521)</u>	<u>-</u>	<u>438,000</u>	<u>732,515</u>

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

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

The transfer from unrestricted to GAG is due to the expenditure being greater than income so the excess is funded through the unrestricted funds.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school meals. The purpose is to raise attainment for pupils from low income families.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

15. STATEMENT OF FUNDS (continued)

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 academy is carrying a net deficit of £240,615 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

Since 2014/15 and through to 2016/17 increases in employers Teachers' Pension and National Insurance contributions along with standstill budgets and decreased Sixth Form budgets has impacted the budget and any reserves. A material decrease in income would adversely affect provision. This was mitigated by raising the published admissions number (PAN) from 186 to 206 and again to 208 in 2015/16 and improving recruitment to the Sixth Form. Parmiter's remains one of the most oversubscribed schools in Hertfordshire in spite of recent changes to the admissions process and is unlikely to be affected by falling rolls since Watford and district is an area of demographic growth.

With finances growing ever tighter the finance policy for the school has been reviewed to include a more up to date and comprehensive purchasing procedure for all departments to adhere to.

In 2016/17 the employer's contributions for support and teaching staff pensions increased further which has put further strain on the school's finances.

In 2017/18 the school is showing a cash deficit position due to the ever increasing pressures on spend and funding increases not matching the expenditure.

The academy is taking the following action to return these funds to surplus:

In 2018/19 the GAG income is actually less than in 2017/18 although the student numbers have increased. This will further impact the deficit cash position.

In 2019/20 the Employers contributions for Teachers' Pensions shall increase by a further 7.12% which will impact the staffing budget by a further £255,000.

It is necessary to produce a financial recovery plan in 2018/19 in order to address the short falls in funding and make cuts across the expenditure budget. This recovery plan is to be approved by a ESFA and fully implemented in school by September 2019.

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>
General Funds	<u>(132,874)</u>	<u>1,742,917</u>	<u>(1,305,030)</u>	<u>(305,013)</u>	<u>-</u>	<u>-</u>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

15. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	-	6,612,742	(7,124,174)	299,000	-	(212,432)
Rates Relief	-	6,998	(6,998)	-	-	-
Pupil Premium	-	81,748	(81,748)	-	-	-
SEN Funding	-	42,640	(42,640)	-	-	-
Other government grants	-	165,199	(165,199)	-	-	-
Exam income	-	11,567	(11,567)	-	-	-
Other restricted funds	-	148,252	(148,252)	-	-	-
Pension reserve	(1,943,000)	-	(214,000)	-	633,000	(1,524,000)
	<u>(1,943,000)</u>	<u>7,069,146</u>	<u>(7,794,578)</u>	<u>299,000</u>	<u>633,000</u>	<u>(1,736,432)</u>

Restricted fixed asset funds

Restricted Fixed Asset Fund	<u>1,799,154</u>	<u>520,759</u>	<u>(92,024)</u>	<u>6,013</u>	<u>-</u>	<u>2,233,902</u>
-----------------------------	------------------	----------------	-----------------	--------------	----------	------------------

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	2,293,131	2,293,131
Current assets	185,118	179,593	10,999	375,710
Creditors due within one year	(185,118)	(420,208)	-	(605,326)
Provisions for liabilities and charges	-	(1,331,000)	-	(1,331,000)
	<u>-</u>	<u>(1,571,615)</u>	<u>2,304,130</u>	<u>732,515</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	-	-	2,233,902	2,233,902
Current assets	128,211	343,185	-	471,396
Creditors due within one year	(128,211)	(555,617)	-	(683,828)
Provisions for liabilities and charges	-	(1,524,000)	-	(1,524,000)
	<u>-</u>	<u>(1,736,432)</u>	<u>2,233,902</u>	<u>497,470</u>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(202,955)	141,190
Adjustment for:		
Depreciation charges	113,139	92,024
Increase in debtors	(83,626)	(56,503)
(Decrease)/increase in creditors	(78,503)	113,740
Capital grants from DfE and other capital income	(88,098)	(520,759)
Defined benefit pension scheme cost less contributions payable	205,000	173,000
Defined benefit pension scheme finance cost	40,000	41,000
Net cash used in operating activities	(95,043)	(16,308)

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	33,955	213,267
Total	33,955	213,267

19. 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.

PARMITER'S SCHOOL
(A company limited by guarantee)

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

19. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £593,742 (2017 - £587,350).

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

Under the definitions set out in FRS 102, the TPS is 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 £389,000 (2017 - £361,000), of which employer's contributions totalled £313,000 (2017 - £291,000) and employees' contributions totalled £76,000 (2017 - £70,000). 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:

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

PARMITER'S SCHOOL
(A company limited by guarantee)

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

19. PENSION COMMITMENTS (continued)

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

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

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	1,922,310	<i>2,018,250</i>
Corporate bonds	1,269,450	<i>776,250</i>
Property	290,160	<i>217,350</i>
Cash and other liquid assets	145,080	<i>93,150</i>
Total market value of assets	3,627,000	<i>3,105,000</i>

The actual return on scheme assets was £176,000 (2017 - £34,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(518,000)	<i>(464,000)</i>
Interest income	82,000	<i>58,000</i>
Interest cost	(122,000)	<i>(99,000)</i>
Total	(558,000)	<i>(505,000)</i>
Actual return on scheme assets	176,000	<i>34,000</i>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

19. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	4,629,000	4,713,000
Current service cost	518,000	464,000
Interest cost	122,000	99,000
Employee contributions	76,000	70,000
Actuarial gains	(344,000)	(657,000)
Benefits paid	(43,000)	(60,000)
	<u>4,958,000</u>	<u>4,629,000</u>
Closing defined benefit obligation	<u>4,958,000</u>	<u>4,629,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,105,000	2,770,000
Interest income	82,000	58,000
Actuarial losses/(gains)	94,000	(24,000)
Employer contributions	313,000	291,000
Employee contributions	76,000	70,000
Benefits paid	(43,000)	(60,000)
	<u>3,627,000</u>	<u>3,105,000</u>
Closing fair value of scheme assets	<u>3,627,000</u>	<u>3,105,000</u>

20. 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 £
Amounts payable:		
Within 1 year	20,381	14,481
Between 1 and 5 years	12,788	14,571
	<u>33,169</u>	<u>29,052</u>
Total	<u>33,169</u>	<u>29,052</u>

PARMITER'S SCHOOL
(A company limited by guarantee)

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

21. 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.

22. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

The Parmiter's School Foundation is a related party through common trustees. The total donations received during the year were £115,797 (2017: £405,372). Other receipts from The Parmiter's School Foundation were £19,228 (2017: £28,644) for a service agreement of salary costs. At the year end the academy was owed £Nil (2017: £Nil). The Parmiter's School Foundation is a registered charity set up in 1913 to promote education and provide financial support to Parmiter's School and its pupils. The accounts are publicly available from the Charity commission.

The Parmiter's School Parents Association is a related party through common trustees. The total donations received during the year were £52,844 (2017: £19,278). At the year end the academy was owed £Nil (2017: £Nil).

During the year purchases were made from Metro Printing Limited of £4,286 (2017: £6,936) a company where Andrew O'Brien, a governor, is also a director. At the end of the year the academy owed £613 (2017: £1,011).

23. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £16,867 (2017: £16,658) and disbursed £16,967 (2017: £15,922) from the fund. An amount of £1,803 (2017: £1,903) is included in other creditors relating to undistributed funds.

The academy trust is a member of the Schools Direct scheme where they receive funds from ESFA for distribution to staff working at schools in the local area. In the accounting period ending 31 August 2018 the trust received £162,086 (2017: £187,118) and disbursed £196,115 (2017: £177,400) from the fund. An amount of £869 (2017: £33,160 included in other creditors) is included in other debtors relating to distributed funds due back to the academy trust.