
EUROPA SCHOOL UK
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

A Parker (Chair)
C Della Croce
J Holderness-Laar
K Loudon
A Shorrocks
J Weber

Governors

P Ashbourne, Principal and Accounting Officer (resigned 31 August 2018)¹
L Wood, Acting Principal and Accounting Officer (appointed 1 September 2018)¹
A Parker, Chair of Governors (from 23 March 2018)¹
A Shorrocks, Deputy Chair of Governors
J Holderness-Laar
S Purves, Chair of Governors (to 22 March 2018) (resigned 22 March 2018, re-appointed 31 October 2018)¹
S Kynoch
A Brent¹
R Barter¹
L Kan
L McNeill (resigned 30 September 2018)
A de Vazelhes¹
A Bailey
E Cristofori (appointed 1 September 2017)
S Philpott-Gasc (appointed 5 July 2018)

¹ Member of the Finance, Audit and General Purposes Committee

Company registered number

07649335

Company name

Europa School UK

Principal and registered office

Culham
Abingdon
Oxfordshire
OX14 3DZ

Senior management team

P Ashbourne, Principal (resigned 31 August 2018)
P Marechau, Head of Primary
M-C Greenwood, Director of Finance and Operations
L Wood, Head of Secondary and Acting Principal (from 1 September 2018)
S Kynoch, Early Years and Acting Assistant Head of Primary (from 1 September 2018)

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

Advisers (continued)

Independent auditors

Whitley Stimpson Limited
Penrose House
67 Hightown Road
Banbury
Oxfordsire
OX16 9BE

Bankers

Barclays Bank PLC
Marcham Road
Abingdon
Oxfordshire
OX14 1UB

Lloyds Bank Plc
8 Ock Street
Abingdon
Oxfordshire
OX14 5AP

Virgin Money Plc
129-129A High Street
Oxford
Oxfordshire
OX1 4DF

Solicitors

Freeths LLP
Power House
Harrison Cloase
Knowhill
Milton Keynes
MK5 8PA

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The principal activity of the Company is operating a school serving an area centred on Abingdon and Oxford. The School offers a broad and balanced curriculum and specialises in Modern European Languages and Sciences, leading to the European Baccalaureate qualification. Europa School UK became an all-through (4 to 19 years old) school in September 2017, with 506 and 356 pupils currently enrolled in Primary and Secondary respectively based on the Autumn 2018 Census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Europa School UK (the Company) is a company incorporated on 26 May 2011 in England and Wales, limited by guarantee with registered company number 07649335. The company is also an exempt charity. The primary governing documents for the company are its Memorandum and Articles of Association and the Funding Agreement signed with the Secretary of State for Education on 28 June 2012.

The Governors act as the Trustees for the charitable activities of the School and are also the Directors of the charitable company for the purpose of company law.

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

Europa School UK is a Free School and, as such, is subject to UK law and regulations governing Academies including, but not limited to, the Academies Act (2010) and amending legislation.

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.

The details above on members' liability can be found in the company's Memorandum and Articles of Association.

Governors' Indemnities

The Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Members and Governors from claims arising from negligent acts, errors or omissions whilst on Trust business. The scheme provides unlimited cover.

Method of Recruitment and Appointment or Election of Governors

Under the School's constitution, the Governing Body is comprised as follows:

- The Principal (ex-officio appointment)
- Up to 7 Governors appointed by the Members of the Company
- 2 Staff Governors (elected by the staff)
- 2 Parent Governors (elected by the parents)
- Up to 3 co opted Governors (appointed by Governors who have not themselves been so appointed).

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In addition, the Secretary of State for Education may appoint further Governors in certain circumstances. The Staff and Parent Governors are elected by secret ballot.

Governors are appointed for a four-year period, except that this time limit does not apply to the Principal.

When appointing new Governors by co-optation, the Governing Body will give consideration to the skills and experience mix of existing Governors in order to ensure that the Governing Body has the necessary skills to contribute fully to the School's development.

Policies and Procedures Adopted for the Induction and Training of Governors

The School has subscribed to the Oxfordshire Governors' Services run by Oxfordshire County Council which offers an extensive training program for Governors and Clerks locally and online. Most Governors have attended one or more courses from induction to specialist modules, as well as external educational conferences. In-house training has also been organised for Safeguarding Children, First Aid and OFSTED preparation. Further online training options are available through the School's subscriptions to The Key. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they need to undertake their role as Governors, through both an internal shared drive facility and the Oxfordshire County Council Governors' Hub.

Organisational Structure

The Governing Body oversees the management, approves strategy and policies and monitors performance. The Governors are responsible for adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Trust by the use of budgets and other data, and making the major decisions about the direction of the Trust, capital expenditure and staff appointments.

The Governing Body normally meets twice each term. It has established an overall framework for the governance of the School and determines membership, terms of reference and procedures of Committees of the Governing Body and other working groups. The Governing Body receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. It may also from time to time establish working groups to perform specific tasks.

The Governing Body has established the following four Committees, each one having its own terms of reference detailing the responsibilities discharged to it:

- 1) Premises and Liaison
- 2) Finance, Audit and General Purposes
- 3) Primary Education – Curriculum, Standards, Teaching and Learning
- 4) Secondary Education – Curriculum, Standards, Teaching and Learning.

The Principal is responsible for the day to day management of the School and also acts as the Accounting Officer. The Principal is supported by a Head of Primary, an Assistant Head of Primary and a Director of Finance and Operations. The Senior Management Team implements the policies laid down by the Governors and reports back to them on performance.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Governors consider the Governing Body and the Senior Management Team to comprise the key management personnel of the School in charge of directing and controlling, running and operating the School on a day to day basis. All Governors give their time freely and no Governor received any remuneration in the current or prior year, other than those Governors who are also employees of the School. Details of Governors' remuneration and expenses are disclosed in note 10 of the financial statements.

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The pay of the Senior Management Team is reviewed annually by the Board of Governors in line with the School's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

Connected Organisations and Charities, Including Related Parties Relationships

There are no related parties or connected organisations that either controlled or significantly influenced the decisions and operations of the School during the period.

The School has been occupying the School site in Culham under a series of temporary Licences to Occupy Agreements between the Secretary of State for Communities and Local Government and Europa School UK. The last Licence expired on 31 March 2018. As of December 2018, the School is still occupying the site without a Licence, Agreement to Lease or Lease in place, although the School continues to work with the Department for Education towards reaching an agreement over the long term lease of the site.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of Europa School UK.

The School's object is specifically restricted to the following: to advance education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, specialising in Languages and Sciences.

Objectives, Strategies and Activities

The main objectives of the School are:

- Teaching the European Schools' curriculum as enhanced by the requirements of the English National Curriculum with an emphasis on modern European Languages and Sciences, with strong links to the business and social communities;
- Preparation of pupils for the unique and desirable European Baccalaureate, to be taken in the last year of Secondary;
- Teaching staff adopt a pluri-lingual approach, with their own linguistic competence providing a model for pupils. They are completely fluent in the language through which they teach and maintain an immersion approach to language acquisition.

Other conditions and requirements in respect of the School set out in the Funding Agreement are:

- The School will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community;
- There will be assessment for pupils' performance as they apply to maintained schools and the opportunity to study for external qualifications;
- Religious Education will be given to all pupils in accordance with the requirements for agreed syllabuses;
- The Admissions Policy and arrangements for the School will be in accordance with admissions law and the DfE Codes of Practice, as they apply to maintained schools, subject to any exceptions granted;

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- Teachers' levels of pay and conditions of service at the School will be the responsibility of the Free School Trust;
- There will be an emphasis on the needs of the individual pupils including pupils with special education needs (SEN), both those with and without statements of SEN; and
- There will be no charge in respect of admission to the School and the School will only charge pupils for the education provided at the School where the law allows maintained schools to charge.

The key priorities for the year are contained in the School's Development Plan.

The School is committed to continual improvement, which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self evaluation, data analysis and action planning.

Public Benefit

The Governors have complied with the requirement of section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the School.

The School meets a demand from families living in the area for a school offering a multi lingual education. Furthermore, demand for school places in the area served by the School has risen in recent years and population forecasts show that there will be continuing pressure on school places. No account is taken of an applicant's aptitude or ability when determining admissions to the School.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of Activities

The main activities of Europa School UK for the year ended 31 August 2018 were as follows:

In September 2017 the school opened its secondary section for all year groups from S1 to S7 (Year 7 to Year 13), fulfilling its role as an all through school offering European School education in Oxfordshire. Places were filled throughout most of the secondary school by former pupils of the European School, Culham, under the agreement setting up our school, and further interest filled places, so that all year groups from S1 to S4 were oversubscribed, a situation accommodated by allowing up to 60 per year group. Given the very specific nature of the European Baccalaureate, particularly the language demands, there were only a few enquiries for the spare places in S5 to S7, but with the primary section again at full capacity, the total school role reached 833 of the potential 868 places, a very positive response to our first year of operation.

Europa School UK enlarged its intake at Reception from 56 to 84 three years ago and will therefore continue to grow to a full three-form entry all-through school with a total of 1,176 pupils by 2028.

Already recognised as an Accredited European School for primary, the school successfully passed inspections confirming further accreditation for secondary and for the European Baccalaureate.

The School has enhanced the European Schools' curriculum to meet the national statutory assessment arrangements. Pupils are learning the full curriculum through two languages throughout the primary school. Success in compulsory assessment generally matches or exceeds that of local and national norms, even though our pupils spend only half their time in the English learning context on which the assessments are based.

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Multi-lingual education continues in secondary, by subject specialism, with Human Sciences studied in the second language along with the language itself being compulsory right through to the Baccalaureate. A third language is compulsory from S1 to S5 and may be continued for the Baccalaureate.

74% of our intake has English as an additional language (EAL, the national figure is 18%) and all primary pupils are learning in a language other than English for half the week. The performance against national measures of literacy must be seen in this light, but the school continues to show added value in this area.

The percentage of pupils attaining the General Level of Development in the Early Years Profile was 68%, an improvement of 11 points on last year's figure and close to the national figure of 71.5%. This is a marked improvement on last year. The impact of EAL is evident in the results for Writing, 68% against 74% success nationally, whereas in all other areas our pupils were at least 5 percentage points ahead of the national figures. Our pupils' average point score was 35.1, exceeding the national average of 34.6.

The Phonics Check for Year 1 resulted in a 76% success rate, 9 points higher than last year and approaching the national figure of 82%.

In the KS1 assessments (see table below), our pupils were largely in line with national results.

KS1	Expected		Greater Depth	
	ESUK	National	ESUK	National
English Reading	75%	75%	30%	25%
English Writing	69%	70%	14%	16%
Mathematics	75%	76%	18%	21%
Science	95%	83%		

KS2	Expected		Higher		Average Scale Score	
	ESUK	National	ESUK	National	ESUK	National
English Reading	82%	75%	35%	28%	107	105
English grammar, punctuation and spelling	85%	78%	49%	34%	110	106
Mathematics	80%	76%	26%	24%	105	104
English writing (teacher assessment)	76%	78%				
Science (teacher assessment)	82%	82%				
All of reading, writing and mathematics	67%	64%				

Given the context of the school and the high level achieved in French, German or Spanish by our pupils, these results represent excellent work during the first three years of schooling.

That our model is working exceptionally well is confirmed by the KS2 results (see table above) where pupils have clearly moved ahead of the norm. These results confirm last year's figures and demonstrate the success of the model we are using, maintaining our levels against national figures while adding fluency in a second language, and taking into account that pupils often have a third or even fourth language in the home.

The school is unique in the UK in following the European Schools' programme, culminating in the European Baccalaureate at age 18. In the absence of GCSE results, the school has been set two targets by the DfE to prove pupil progress. The academic performance target is to achieve an average Baccalaureate score in the top half of all European Schools and the retention target is for 90% from Year 11 to Year 12. Both these targets were met last year, with the academic target largely exceeded, with the School figuring 3rd out of the Baccalaureate results for the 22 participating schools.

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Comparisons with the previous European School Culham are problematic. The School is operating with a third of the per-pupil-funding of its predecessor and as consequence, class sizes are substantially increased, and teaching load is up by over 35%. The process of integrating pupils into the new set up resulted in many taking subjects, notably Mathematics and the Sciences, for the Baccalaureate in English having previously studied them in French or German. While the European School took some steps to prepare the ground, the changes have nonetheless been abrupt from September 2017. It is therefore all the more remarkable that the Baccalaureate results of our pupils in June 2018 were the best ever recorded in Culham, maintaining the high standards of a school that had always been among the top performing among European Schools and one that had attracted particular commendation from a PISA study in 2012

(cf: <http://www.oecd.org/pisa/aboutpisa/PISA-Based-Test-for-Schools-European-School-Culham.pdf>)

The school has a relatively low number of pupils eligible for the Pupil Premium payment. We put good measures in place for these pupils and they are achieving good results and making better progress than their peers.

We have a qualified SENCO in place who has supervised a full programme of identification and support of those with Special Educational Needs. The progress shown by these pupils generally matches or exceeds that of their peers.

Currently there are 50 children in primary identified as having SEN, for which they are receiving, or have received additional and different support. This number is marginally higher than last year. However, some of last year's children no longer need support, while children joining in reception have newly assessed needs. Under the new terminology for SEN, all these children receive 'SEN Support.' There is no distinction made in the reported data as to whether they are receiving or have received support from professionals outside the school. However, the school records all interventions and professionals involved. Two of these children have an EHCP. According to primary need, 50% of the children are supported for Cognition and Learning needs (C&L), 5% for Physical Disabilities (PD), 24% for Emotional and Behavioural difficulties (SEMH) and 21% for Communication and Interaction (C&I). Some of the children are supported for more than one area of learning need. Due to improved early identification, there are 3 children in reception receiving SEN support. The split in SEN type is similar to last year, with a rise in C&L, accounted for by the number of children who have received dyslexia assessments in KS2.

In secondary, there are 44 children identified as having SEN, of which two students have EHCP's and received TA support for complex educational needs and one student is in the process of making an application for an EHCP and receives TA support. According to secondary need 50% of the children are supported for Cognition and Learning needs (C&L), 2% for Physical Disabilities (PD), 25% for Emotional and Behavioural difficulties (SEMH) 9% for Communication and Interaction (C&I), 7% were identified as gifted and talented, and 7% for complex needs.

The main new activity for the School in 2017 to 2018 of opening an entire secondary section of 360 pupils was well prepared and accomplished smoothly, maintaining both the good level of pastoral care and the high academic achievement in the face of considerable challenge.

Maintenance of the school site, in the hands of the DfE, had fallen well behind schedule in recent years with a backlog that made it impossible for the Governors to accept a long-term lease. The School therefore operated throughout the year on a series of temporary licenses. The poor state of the heating system resulted in two major failures with consequent loss of teaching time, some pupils losing a week of schooling. The ESFA also miscalculated the annual funding and took the entire year to correct a shortfall of £240,000. The school took these difficulties in its stride, but the increased demands made of staff should not be underestimated and could not be sustained over a long period. It is imperative that the ESFA/DfE act on the shortcomings early in the coming academic year.

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

Key Performance Indicators

The Academy Trust also uses a number of non-financial performance indicators.

- The School follows the European Schools' assessment and reporting systems and the DfE requirements for reporting pupils' progress and attainment. Pupil attainment and progress is assessed by teachers, and moderated by exchange with local schools, as well as being subject to the external national assessments.
- All pupils are tracked, and teachers assess their progress using the four-point scale of the European Schools, with national tests for baselines and progress accountability. There are termly pupil progress meetings and data is analysed to identify pupils who are at risk of underachievement.
- National assessments in primary: Pupils are assessed against EYFS measures, the national phonics check and KS1&2 SATs. The results are compared with national and county statistics.
- Attainment is measured against National Curriculum expectations in English literacy, numeracy and science through the annual GL-Assessment tests. The European Common Framework is used for French/German literacy for those approaching native speaker level. All areas of the curriculum are reported to parents each semester against the European Schools' four-point measure.
- A specific variation to our Funding Agreement recognises the unique status of the School in offering the European Schools' curriculum and Baccalaureate. As a consequence, the school does not enter pupils for GCSE and is not included in national performance tables for secondary. To complement the DfE defined measures of Year 11 to 12 retention and Baccalaureate success, the school continues the GL-Assessment tests into lower secondary.
- The School is subject to a dual inspection system. As a UK state school, the School falls within the regular OFSTED inspection regime. As a European School, it is subject to periodic inspection to reconfirm accreditation. Currently, these are set at two-year intervals.
- Attendance: The School has achieved good attendance rates with 96.25% attendance, improved from last year and better than the national average of 95%. 4.5% persistent absence (defined by the DfE as >10% absence out of the total possible school half-days) also better than the national average of 11.6%
- Exclusions: The School has had no exclusions during this reporting period.
- SEN provision: There is good provision and support and pupils with SEN are monitored via Independent Provision Trackers. They made good rates of progress.
- Safety and well-being: In September 2017, The School took over supervision of the entire site from the European School, but ultimate responsibility for the site remains with the DfE until a full lease is in place. The School has managed some challenging situations to ensure that a high level of safety and security is offered throughout. Pupils are encouraged to eat healthily and to treat each other with respect. Anti-bullying policy is in place and the isolated incidents reported over the year have been dealt with by positive reinforcement of good behaviour.
- Performance management: Our appraisal system includes key targets and a regular cycle of lesson observations to ensure staff have the support and CPD they need to improve and sustain quality.

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Going Concern

The majority of the School's income is Government funded. However, the current decrease in the Government's per pupil education budget, the introduction of the National Funding Formula in 2018-19, the withdrawal of both the Educational Services Grant and the Post Opening Grant in 2018-19, together with the system of lagged funding impacting negatively on our growing School, as well as increasing employment and premises costs, means that the School has set a deficit budget forecast for the next three academic years. In view of this, the Governors continue to look at and evaluate strategies for raising additional income. Since the autumn term of 2017, whilst the School remains unable to generate income from its site until the long-term Lease Agreement is resolved, the path chosen by the Governors has been to appeal to parents for voluntary contributions. During the year ended 31 August 2018, the School collected income from parental contributions of £158,284. A second appeal to parents was launched in October 2018 for the 2018-19 academic year. The Governors are also reviewing key areas of operational expenditure and economies have been made since the start of the 2018-19 academic year, particularly in the areas of maintenance and utilities.

After making appropriate enquiries, the Board of Governors therefore has a reasonable expectation that the School has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Board of Governors continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1.2 of the Accounting Policies notes of the Financial Statements.

Since 1 September 2017, the School has been occupying the School site in Culham under a series of temporary Licences to Occupy Agreements between the Secretary of State for Communities and Local Government and Europa School UK. The last Licence expired on 31 March 2018. As of December 2018, the School is still occupying the site without a Licence, Agreement to Lease or Lease in place, although the School continues to work with the Department for Education towards reaching an agreement over the long term lease of the site.

Fundraising

In November 2017, the School launched a general fundraising appeal to the whole community of pupils' families with a view to supplementing income received from the ESFA for operational purposes. The appeal was supported by both the Principal and the Governing Body. Although an amount of £1 per day per child was suggested as part of the appeal, all contributions are strictly voluntary and entirely discretionary. The money raised will benefit all children in the school, without prejudice and independently of parents' capacity to contribute and/or fundraise. There are no commercial participators and no professional fundraisers involved with this fundraising appeal. All fundraising activities undertaken by the School are conforming to recognised standards. Monitoring of the fundraising activities is carried out by both the Principal and the Governing Body.

FINANCIAL REVIEW

The net assets of the School at 31st August 2018 amount to £1,166,514 representing an increase of £158,024 compared to 31st August 2017. This resulted from a surplus of £132,934 from the School's operating activity, an increase in deficit on the defined benefit pension scheme of £5,000 and a net increase of £30,090 of the fixed assets fund (capital grants received less depreciation for the year).

94% of the income received in the year relates to grants received from the Education and Skills Funding Agency, mainly the General Annual Grant. These are shown as Restricted Funds in the Statement of Financial Activities. The ratio of GAG funding per pupil was £4,476 for the year.

Staff costs of £3,077,328 (which exclude the LGPS FRS102 pension cost adjustments) represent 87% of the School's General Annual Grant.

£97,366 of capital grants was received during the year from the ESFA together with other capital donations of £41,423.

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Included within the School's balance sheet at year-end is a defined benefit pension scheme liability of £309,000 (2017: £304,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the School.

Reserves Policy

The Governors review the reserves levels of the School annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors also take into consideration the future plans of the School, the uncertainty over future income streams and other key risks identified during the risk review.

The Governors have determined that the appropriate level of income reserves should be approximately 10% of total incoming resources or 1.3 months of costs. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as long-term staff absences, urgent maintenance, etc.

The School's current level of reserves at 31 August 2018 is £1,166,514 (2017: £1,008,490), of which £537,294 (2017: £404,360) is total income funds, covering both restricted and unrestricted income funds.

Although the current level of income reserves is currently above the target level identified above, the current decrease in the Government's per pupil education budget, the introduction of the National Funding Formula in 2018-19, the withdrawal of both the Educational Services Grant and the Post Opening Grant in 2018-19, together with the system of lagged funding impacting negatively on our growing School, as well as increasing employment and premises costs, means that the School has set a deficit budget forecast for the next three academic years.

The Board of Governors therefore expect the Schools reserves to reduce over the next three years. In view of this, the Governors continue to look at and evaluate strategies for raising additional income. Since the autumn term of 2017, whilst the School remains unable to generate income from its site until the long-term Lease Agreement is resolved, the path chosen by the Governors has been to appeal to parents for voluntary contributions. During the year ended 31 August 2018, the School collected income from parental contributions of £158,284. A second appeal to parents was launched in October 2018 for the 2018-19 academic year. The Governors are also reviewing key areas of operational expenditure and economies have been made since the start of the 2018-19 academic year, particularly in the areas of maintenance and utilities.

Investment Policy

Cash balances enable day to day functions and are invested to optimal effect by the School with the objective of ensuring maximum return on assets invested but with minimal risk. During the period, the School's surplus cash balances were held in a risk limited, short term building society account.

Principal Risks and Uncertainties

Financial

The School's Finance Policies and Procedures Manual, which lays out the framework for the School's financial management, including financial responsibilities of the Governing Body, Principal, Director of Finance and Operations, Finance Manager and other staff, as well as the delegated authorities for spending, has been updated as per the latest guidance received from ESFA through its Academies Financial Handbook, with an enhanced focus on Internal Controls, Segregation of Duties and Fraud Prevention. These procedures are now being embedded.

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GOVERNORS' REPORT (continued)
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Risk Management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls. Where significant financial risk still remains, the Governors have ensured the School has adequate mitigation in place, including insurance cover.

An on going risk management process has been established, identifying risks and their potential impact in a Risk Register, divided in sub-sections for dedicated ownership and monitoring by the various Committees of the Governing Body.

The principal risks and uncertainties facing the School are as follows:

Funding

The School has almost complete reliance on continued Government funding through the ESFA. In the period, nearly all the School's income was Government funded. However, the current decrease in the Government's per pupil education budget, the introduction of the Minimum Funding Guarantee in 2018-19, the withdrawal of both the Educational Services Grant and the Post Opening Grant in 2018-19, together with the system of lagged funding impacting negatively on our growing School, as well as increasing employment and premises costs mean that budgets will be in deficit in the next academic year.

The Finance, Audit and General Purposes Committee examines the financial health of the School formally twice per term, reviewing performance against budgets.

Regarding the funding of significant capital developments, the Department of Education, as landlord, undertook multiple site surveys throughout 2017-18 and has undertaken to carry out substantial repairs and maintenance as part of a schedule of works to keep the School "safe, dry and warm" prior to signing the long-term Lease Agreement.

Liquidity

The Governors examine the financial health of the School formally twice per term, reviewing performance against budgets and overall expenditure. At the balance sheet date, the School had no significant liabilities arising from trade creditors or debtors, where there would have a significant effect on the School's liquidity. However, there will be increasing pressure on cash flows in the second half of 2018-19 as result of the funding pressures facing the School as outlined earlier in this report, which will require close monitoring

Performance and Achievement

The continuing success of the school is dependent on continuing to maintain the highest educational standards. To mitigate this risk, Governors ensure that pupil success and achievement are closely monitored and reviewed.

Pupil Numbers

Since the School is currently over subscribed in Primary, risks to revenue funding from a falling roll are assessed as small. In Secondary, all year groups from S1 to S4 were also oversubscribed, with only a few spare places in S5 to S7 due to the very specific nature of the European Baccalaureate.

Staffing

The success of the School is reliant on the quality of its staff, so Governors monitor and review policies and procedures to ensure continued development and training of staff, as well as ensuring there is clear succession planning.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

Safeguarding and Child Protection

Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Pensions Costs

The Governors recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the School. However, the Governors consider the School is able to meet its known annual contribution commitments for the foreseeable future.

Failures in Governance and/or Management

The risk in this area arises from the potential failure to effectively manage the School's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure appropriate measures are in place to mitigate these risks. The School has also commissioned an accounting firm to provide on going accounting assistance.

Reputational

The continuing success of the School is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Governors ensure that pupil success and achievement are closely monitored and reviewed.

Fraud and Mismanagement of Funds

The School has engaged its external auditors to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook.

The School has continued to strengthen its risk management process throughout the period by improving the process and ensuring staff awareness. A Risk Register is maintained and reviewed and updated on a regular basis.

All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

TRADE UNION FACILITY TIME

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
2	1.75

Percentage of time spent on facility time

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

EUROPA SCHOOL UK
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£2,321,823.34
Percentage of the total pay bill spent on facility time	£0

Paid trade union activities

Time spent of trade union activities as a percentage of total paid facility time hours	0%
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PLANS FOR FUTURE PERIODS

Future Developments

The School strives to continually improve levels of attainment for all pupils. Following the opening of the full Secondary School from ages 11-19 when the European School closed in August 2017, the School will continue its expansion to three-from entry throughout the Primary School, with the implication that a new classroom must be refurbished every year.

The School is planning to increase class sizes in Primary from 28 to 30 pupils from September 2019.

In Secondary, contingency plans within the context of Brexit include applying for the International Baccalaureate as the end qualification.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

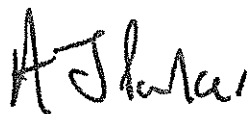
The School and its Governors do not act as Custodian Trustees of any other charity.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governors are aware, there is no relevant audit information of which the Charitable Company's Auditors are unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

This Report, incorporating the Strategic Report, was approved by order of the Governing Body, as the Company Directors, on 17 December 2018 and signed on the Board's behalf by:



A Parker
Chair of Governors

EUROPA SCHOOL UK
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

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

Governor	Meetings attended	Out of a possible
P Ashbourne	6	6
A Parker	6	6
A Shorrocks, Deputy Chair of Governors	5	6
J Holderness-Laar	6	6
S Purves	2	2
S Kynoch	6	6
A Brent	3	6
R Barter	5	6
L Kan	5	6
L McNeill	5	6
A de Vazelles	6	6
A Bailey	3	6
E Cristofori	6	6
S Philpott-Gasc	0	0

Governance reviews:

The diverse Governing Body of Europa School UK (ESUK) contains a variety of skills and expertise, representing all stakeholders and the multicultural, multilingual vision of the School. Under arrangements for Free Schools and Academies in England, ESUK is both a Company registered at Companies House and a Charitable Trust, exempt from the requirement to register with the Charity Commission. The Company is a company limited by guarantee and the six members of the Company contributed a guarantee of £10 each to form the Company. The Members of the Company appoint the Directors of ESUK, including the Principal ex officio, and act as Trustees for the Charity. The Chair of the Governing Body becomes a Member ex officio. The Members have the responsibility of appointing up to seven Members of the Governing Body of the School. The Members meet at least once per year.

At the end of the academic year 2017/2018, there were 13 appointed Governors including the Principal. The parent and staff bodies each elect two Governors. Seven Governors are currently appointed by the founding Members. There are also three posts for co-opted Governors appointed by the Governing Body.

EUROPA SCHOOL UK
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GOVERNANCE STATEMENT (continued)

The Governing Body is healthy and this school year appointed three new Governors. All Chairs of the Committees are experts in their field.

- The Primary Education Committee is chaired by Founding Member Jackie Holderness, an Educationalist who has experience of more than 35 years, with a particular interest in international and multilingual education.
- The Premises and Liaison Committee is co-chaired by Lydia Kan, an architect, and Alice Bailey, a lawyer. The professional experience of both Chairs provides valuable expertise at a time of negotiations for the site lease and the planned capital works to be undertaken on behalf of the Department of Education.
- The Chair of the Finance and General Purposes Committee is held by Antoine de Vazelhes, previously Director of Finance Compliance and Risk Management for a global organisation, his insight into both legal and financial matters being a most valuable asset to the Board.
- The Secondary Education Committee is chaired by Founding Member Antonella Shorrocks, a qualified coach, interpreter and expert in European education.

During the current school year:

After six years as Principal and Accounting Officer since the start of the first academic year at ESUK, Peter Ashbourne resigned on 31st August 2018 to take up a position with a European School in Luxembourg.

Lynn Wood, previously Head of Secondary with ESUK and prior to that with the European School of Culham, was appointed on 1st September 2018 as Acting Principal and Accounting Officer.

Simon Purves (elected Parent Governor) was the Chair of Governors until his resignation in March 2018 for external demands of a professional nature on a temporary basis. Simon was re-appointed to the Board of Governors in October 2018. He brings greatly valued insight into current models of governance, as well as a wealth of experience in ICT.

In September 2018, Luke McNeill (Co-opted Governor) resigned as Governor and Coordinator of the Fundraising Committee, which is separate from the Governing Body.

In September 2017, Elsa Cristofori, formerly a teacher at the European School of Culham, joined the Governing Body, bringing both extensive experience and expertise to the newly-formed Secondary Education Committee.

A new Staff Governor election took place towards the end of the academic year and Sandrine Philippot-Gasc joined the Governing Body in that role in July 2018

Further members of the Governing Body in 2017/2018 were:

Professor Andrew Parker, Professor of Physiology and Principal Bursar at St John's College, Oxford University, became the Chair of Governors in March 2018. He remains the Chair of Founding Members.

Dr Andrew Brent combines a strong interest in science with a passion for education. Currently Consultant Physician and Honorary Senior Clinical Lecturer in Infectious Diseases and Internal Medicine at the University of Oxford, he brings a strong commitment to the core values of the School.

Sarah Kynoch (elected Staff Governor) is the Acting Assistant Head of Primary and SENCO of the Primary School.

Finally, Robin Barter remains a Co-opted Governor, bringing much-valued skills in the field of commercial contracts and contract terms negotiations.

EUROPA SCHOOL UK
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GOVERNANCE STATEMENT (continued)

A wide pool of voluntarily offered expertise is also available to the Governors, including legal and financial support. The Governors of ESUK are continuously increasing their expertise through a variety of training opportunities.

The key competencies of education, finance and regulation are covered by the joint groups of Governors and Members. We are proud to have such a dedicated and skilful team of volunteers spending many hours in the forward planning and governance of ESUK. All new Governors joining have filled in the skills audit form from the National Governors Association, which was a key element in their appointment.

Our vision for the School and seeing how our pupils are thriving gives us the strength to continue that work. We aim to provide a unique learning experience in the UK to both the current and future pupils of ESUK.

Full Governing Body Skills Audit

The last audit of the skills present within the Governing Body was carried out in December 2018, with nineteen responses from Governors and Associates. All participants were asked to complete the questionnaire from the National Governors' Association. Each question was rated 1-5, with 5 being the highest level of experience/skill. Areas of particular strength include:

- "People" (commitment to the School, communication and teamwork), in which the average across all questions was higher than 4.7;
- "Evaluation" (Board and self-evaluation) and "Compliance" (statutory duties, organisation policies), in which the average across all questions was 4.3 or higher for both areas;
- "Strategic Leadership", in which the average across most questions was 4.1 or higher.

The weakest area is "Structures" (Board and governance structures), in which the average was 3.6.

Main objectives and challenges to the Governing Body:

1. The core objective is to provide an excellent multicultural, multilingual European education enhanced by national requirements. As Governors, we expect the vision of the School to be clearly reflected in the day to day running of the School. Governors are aware of the very different nature of ESUK compared to other English schools, even other bilingual Free Schools. The Governors and School Management are proud that the widening of the pedagogical offer into a three form entry into Reception with the new Spanish/English stream has been achieved from the school year 2015/2016.

2. In 2014/2015, the School achieved full accreditation as a European School, and in October 2016 the School was approved by the European Schools Network to offer the European Baccalaureate. ESUK has been using the curriculum of the European School system from day one. Former students of the European School of Culham joined the Secondary school in September 2017 with very high retention levels of students. In addition, the former Head of Secondary at the European School joined ESUK in September 2017, ensuring a smooth transition between the two schools at Secondary level. Furthermore, the Head of Secondary was appointed Acting Principal in September 2018.

The different curriculum and approach of ESUK is of great interest to various Universities, who have expressed their desire to follow ESUK's development. As a Governing Body, we are proud to have experts already among the group.

3. The maintenance backlog of the current site remains a major challenge. It is in the process of being addressed by the Department for Education who control the site, with a planned schedule of works due to be delivered by the end of summer 2019. Due to numerous, significant unresolved issues around the site, the ESUK has not yet been able to sign the Agreement to Lease offered by the Department for Education, nor the subsequent long-term Lease Agreement. However, Founding Members and Governors agree in principle that they wish to take on the Lease, subject to an agreed schedule of works and financial undertakings being presented by the DfE and approved by the Governing Body.

EUROPA SCHOOL UK
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GOVERNANCE STATEMENT (continued)

4. Decreasing funding is another major threat, which is being closely monitored by our Finance Committee. The impact on the budget for Curriculum resources in 2017-18 has been material across the School. The need to retain and attract teachers with the right subject and language skills to our School, where they teach under unique conditions, requires sound finances with some flexibility. ESUK is at risk of other more financially potent schools offering better paid positions both within the UK (mainly looking for language expertise) and across the globe (international schools, other European schools). In 2017-18, this has been particularly the case for German-speaking teachers and teaching assistants, with severe difficulties encountered in recruiting suitable candidates. Our teachers are required to deliver a complex curriculum and need even more joint planning time than teachers in other schools. This creates a special bond, but also a substantial workload. They need to be skilled team workers and their dedication to date has led them to be highly respected by us. Following the staff survey undertaken during the 2016-17 academic year, a parent survey took place in the Autumn term in 2018, as instructed by the Governing Body.

5. ESUK submits annual attainment data to the Local Authority for inclusion in national databases as required by the Secretary of State. ESUK's pupils have a good record against these measures. As is the case for other UK schools, the reported data cover only a part of the achievements of pupils, but in the case of ESUK they additionally omit attainment in Literacy in German, French and Spanish. For some pupils, this attainment is on a par with or even exceeding that achieved in English and for all pupils progress in these languages is at a level for which the National Curriculum offers no adequate measure. Good use is made of the European Schools' system for recording attainment right across the curriculum and the European Common Framework for progress in language acquisition. The European Schools' assessment strategy is currently in a cycle of review and English national measures have also undergone revision. There is ongoing need to update and maintain equivalence between the measures and to engage external moderation in both systems.

The Finance and General Purposes Committee is a sub committee of the main Governing Body. Its main responsibilities are detailed in the school's Financial Policies and Procedures Manual. They include:

- the initial review and authorisation of the annual budget and three-year plan;
- the regular monitoring of actual expenditure and income against budget, as well as cash flows;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006;
- the Charities SORP (FRS 102) 2015, the Academies Financial Handbook and other guidance issued by the DfE and/or the ESFA;
- authorising the award of contracts of or over £10,000;
- approving salary changes;
- reviewing the reports of the Auditors on the effectiveness of the financial procedures and controls. These reports are also reported to the full Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
A de Vazelhes	6	6
P Ashbourne, Principal and Accounting Officer	6	6
S Purves	1	3
R Barter	3	6
A Parker	0	3
A Brent	6	6

The Director of Finance and Operations also attended all of the six meetings during the year.

REVIEW OF VALUE FOR MONEY

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

EUROPA SCHOOL UK
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GOVERNANCE STATEMENT (continued)

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

The Accounting Officer for the School has delivered improved value for money during the year by:

Efficient and appropriate use of resources

In September 2017, the Trust added an entire secondary section, a promoted Year 7 along with pupils from Year 8 to Year 13 joining mainly from the closing European School, Culham. A new Reception group of 84 pupils joined the existing groups of 84 promoted to Year 1 and Year 2 and 56 promoted to Years 3, 4, 5 and 6, bringing total pupil provision to 833. The school continued to be oversubscribed, with more than two applications for every place in Reception and an extensive continued interest list throughout the school, particularly in primary.

The effect of the enlarged intake from 2015 onwards will, over the long term, take the size of the school to close to 1,200, making much better use of the large site.

Our primary classrooms are used to their full capacity with classes of 28 throughout and we have a very high rate of room occupancy in the whole school, with all full sized classrooms in use throughout the week and smaller spaces in frequent use despite the difficulties of the site layout.

Operating at the limit of our capacity, we are then responding to both the general demand for school places in Oxfordshire and the specific demand for a multi-lingual, multi-cultural school.

The Europa School has taken over secondary education on the site from the European School, Culham at one third of the previous school's funding. Economies have been made by concentrating teaching within a single English speaking section in place of the three language sections and by increasing individual teaching time by more than 35%. Direct negotiations with service providers have brought a number of significant savings.

Staff deployment is kept under constant review to ensure the best use of our teachers, teaching assistants and support staff. Employment of a largely multilingual staff, including a substantial number with previous experience of European Schools, has ensured quick understanding and high competence in meeting the aims of the school and developing appropriate teaching methods. Directed teacher time prioritises classroom presence along with individual and joint preparation.

Despite passing from primary only to all-through funding, Europa School UK's school block allocation remains low compared with other Free Schools in the country. The funding is used efficiently to provide an additional 120 hours per year in KS1, 80 hours in KS2, a standard number of hours in KS3 and KS4 and twice the number of hours at KS5 when compared with typical UK schools. This allows in primary for the effective 50/50 split between learning through English and learning through one of French, German and Spanish and in secondary the successful completion of the broad curriculum of the European Baccalaureate. Cost effectiveness is supported by a flat management structure and excellent commitment of staff.

Educational results

As detailed above in this report, our educational results demonstrate steady progress throughout the school from rather below national levels at entry to well above those levels in Baccalaureate success. This success is due to adoption of an outstanding curriculum model of the European Schools, the high level of commitment shown by staff and pupils, the cognitive benefits of multilingual education, the strong focus of the Trustees and the efficient staffing model that targets academic success and supportive relationships throughout.

Financial oversight

A small administrative team oversees highly effective financial control. Monthly reconciliations, prepared by the Finance Manager, are reviewed and signed off by the Director of Finance and Operations.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

We have engaged independent accountants who provide both support and an additional level of scrutiny. The Governing Body's Finance, Audit and General Purposes Committee has profited from financial expertise among its members. The Committee analyses the accounts prior to extended meetings five times a year covering accuracy and appropriate use in line with the mission of the school. The outcomes are then reported to the full Governing Body.

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 School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Europa School UK 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 of Governors has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Whitley Stimpson Limited, the external auditors, to perform additional checks.

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

- Income collection and recording;
- Pupil data information management; and
- Cash and treasury management.

EUROPA SCHOOL UK
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GOVERNANCE STATEMENT (continued)

On an annual basis, the external auditors report to the Board of Governors on the operation of the control systems. No major issues were identified. However, the Auditors suggested recommendations in two areas mainly aimed at the development of cash flow monitoring and the formal approval of census data. These recommendations have been addressed during the first quarter of the 2018-19 financial year.

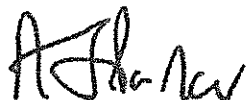
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal 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 auditors;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 17 December 2018 and signed on their behalf, by:



A Parker
Chair of Governors



L Wood
Accounting Officer

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Europa School UK I have considered my responsibility to notify the Academy Trust Board of Governors 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 Governors 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 Governors and ESFA.

Lynn C Wood

L Wood
Accounting Officer

Date: 17 December 2018

EUROPA SCHOOL UK
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Governors on 17 December 2018 and signed on its behalf by:



A Parker
Chair of Governors

EUROPA SCHOOL UK
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EUROPA SCHOOL UK

OPINION

We have audited the financial statements of Europa School UK (the 'School') 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 and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the School'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 and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the School 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the School'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.

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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.

EUROPA SCHOOL UK
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EUROPA SCHOOL UK

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Governors' Report (incorporating the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report (incorporating the Strategic report and Directors' 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 School and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic report and the Directors' report.

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

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

RESPONSIBILITIES OF GOVERNORS

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

In preparing the financial statements, the Governors are responsible for assessing the School'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 Governors either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

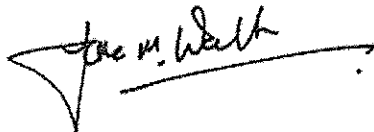
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 School'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 School'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 School and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Mark Walton ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
Oxfordsire
OX16 9BE

21 December 2018

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 17 July 2017 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 Europa School UK 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 Europa School UK and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Europa School UK 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 Europa School UK and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Europa School UK's funding agreement with the Secretary of State for Education dated 28 June 2012, 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 School's income and expenditure.

The work undertaken to draw our conclusions included:

- A review of internal control policies and procedures implemented by the School and an evaluation of their design and effectiveness to understand how the School has complied with the framework of authorities;
- A review of the minutes of meetings of the Governors, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;

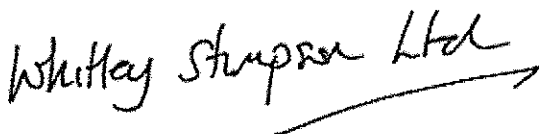
EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the School based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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.



Reporting Accountant

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
Oxfordsire
OX16 9BE

21 December 2018

EUROPA SCHOOL UK
(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 £	Fixed asset restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	2	158,390	5,156	138,789	302,335	153,769
Charitable activities	4	291,100	3,920,394	-	4,211,494	1,960,428
Investments	3	172	-	-	172	89
TOTAL INCOME		449,662	3,925,550	138,789	4,514,001	2,114,286
EXPENDITURE ON:						
Charitable activities		254,354	4,150,924	108,699	4,513,977	2,091,434
TOTAL EXPENDITURE	5	254,354	4,150,924	108,699	4,513,977	2,091,434
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		195,308	(225,374)	30,090	24	22,852
Actuarial gains/(losses) on defined benefit pension schemes	18	-	158,000	-	158,000	(21,000)
NET MOVEMENT IN FUNDS		195,308	(67,374)	30,090	158,024	1,852
RECONCILIATION OF FUNDS:						
Total funds brought forward		14,514	85,846	908,130	1,008,490	1,006,638
TOTAL FUNDS CARRIED FORWARD		209,822	18,472	938,220	1,166,514	1,008,490

The notes on pages 32 to 50 form part of these financial statements.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07649335

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	11		889,254		896,532
CURRENT ASSETS					
Debtors	12	163,376		189,747	
Cash at bank and in hand		747,972		429,050	
		<u>911,348</u>		<u>618,797</u>	
CREDITORS: amounts falling due within one year	13	<u>(325,088)</u>		<u>(202,839)</u>	
NET CURRENT ASSETS			586,260		415,958
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,475,514</u>		<u>1,312,490</u>
Defined benefit pension scheme liability	18		<u>(309,000)</u>		<u>(304,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>1,166,514</u></u>		<u><u>1,008,490</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	14	327,472		389,846	
Fixed asset restricted funds	14	938,220		908,130	
Restricted income funds excluding pension liability		<u>1,265,692</u>		<u>1,297,976</u>	
Pension reserve		<u>(309,000)</u>		<u>(304,000)</u>	
Total restricted income funds			956,692		993,976
Unrestricted income funds	14		<u>209,822</u>		<u>14,514</u>
TOTAL FUNDS			<u><u>1,166,514</u></u>		<u><u>1,008,490</u></u>

The financial statements on pages 29 to 50 were approved by the Governors, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:



A Parker
Chair of Governors

The notes on pages 32 to 50 form part of these financial statements.

EUROPA SCHOOL UK
(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 provided by operating activities	16	281,726	4,947
Cash flows from investing activities:			
Dividends, interest and rents from investments		(172)	(89)
Purchase of tangible fixed assets		(101,421)	(150,719)
Capital grants from DfE/ESFA and other funders		138,789	145,584
Net cash provided by/(used in) investing activities		37,196	(5,224)
Change in cash and cash equivalents in the year		318,922	(277)
Cash and cash equivalents brought forward		429,050	429,327
Cash and cash equivalents carried forward		747,972	429,050

The notes on pages 32 to 50 form part of these financial statements.

EUROPA SCHOOL UK
(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.

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

1.2 Going concern

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

The majority of the School's income is Government funded. However, current decrease in the Government's per pupil education budget, the introduction of the National Funding Formula in 2018-19, the withdrawal of both the Educational Services Grant and the Post Opening Grant in 2018-19, together with the system of lagged funding impacting negatively on our growing School, as well as increasing employment and premises costs, means that the School has set a deficit budget forecast for the next three academic years. In view of this, the Governors continue to look at and evaluate strategies for raising additional income. Whilst the School remains unable to generate income from its site until the long-term Lease Agreement is resolved, the path chosen by the Governors has been to appeal to parents for voluntary contributions in order to supplement its income and to continue operating as a going concern, which represents a key financial uncertainty facing the School. The Governors are also reviewing key areas of operational expenditure and economies have been made since the start of the 2018-19 academic year, particularly in the areas of maintenance and utilities.

As such, after making appropriate enquiries, the Board of Governors therefore has a reasonable expectation that the School has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Board of Governors continues to adopt the going concern basis in preparing the financial statements.

1.3 Fund accounting

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

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.

EUROPA SCHOOL UK
(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 School 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.

Sponsorship income provided to the School which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All expenditure is inclusive of irrecoverable VAT.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the School; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	15% straight line
Motor vehicles	-	50% straight line
Computer equipment	-	25% straight line
Improvements to property	-	50% straight line

On 4 July 2012, the School entered into a site sharing agreement with the European School, which ran until 31 August 2017. The leasehold property represents the cost of buildings work and improvements undertaken on the European School site up to 31 August 2017. On 1 September 2017, the School began occupying the whole School site under a Licence to Occupy Agreement between The Secretary of State for Communities and Local Government and Europa School UK. This license expired on 31 March 2018. The School intends to sign the lease for the whole site for a period of 125 years as soon as possible and continues to work with the Department for Education towards reaching an agreement over the long term lease of the site. No value for the land and buildings of the whole School site has therefore been reflected in the financial statements, other than the value of buildings work and improvements undertaken on the site up to 31 August 2017 as detailed above.

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.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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.

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 School 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 School only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the School 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 12. 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 13. 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 School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The School 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 18, 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:

There are no key judgements that the academy has made which have a significant effect on the financial statements.

1.14 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 School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, 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.

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Pensions (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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Fixed asset restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations and capital grants	158,390	5,156	138,789	302,335	153,769
<i>Total 2017</i>	-	8,185	145,584	153,769	

3. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	172	-	172	89
<i>Total 2017</i>	89	-	89	

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant	-	3,532,535	3,532,535	1,556,957
Start up grant	-	196,000	196,000	193,199
Other DfE/ESFA grants	-	171,431	171,431	134,819
	-	3,899,966	3,899,966	1,884,975
Other government grants				
Local Authority grants	-	2,750	2,750	11,312
	-	2,750	2,750	11,312
Other funding				
Other income	291,100	-	291,100	46,941
Erasmus Grant	-	17,678	17,678	17,200
	291,100	17,678	308,778	64,141
	291,100	3,920,394	4,211,494	1,960,428
<i>Total 2017</i>	46,941	1,913,487	1,960,428	

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Academy's educational operations:					
Direct costs	2,269,812	-	389,002	2,658,814	1,295,079
Support costs	960,516	581,553	313,094	1,855,163	796,355
	3,230,328	581,553	702,096	4,513,977	2,091,434
<i>Total 2017</i>	1,539,397	178,419	373,618	2,091,434	

EUROPA SCHOOL UK
(A Company Limited by Guarantee)

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

6. SUPPORT COSTS

	Total 2018 £	<i>Total 2017 £</i>
LGPS FRS102 pension interest costs	10,000	4,000
Other direct costs	-	315
Technology costs	17,863	14,740
Rent and rates	-	159,878
Insurance	19,883	11,620
Catering	102,332	81,037
Bank interest and charges	828	117
Other support costs	609,638	31,677
Legal, professional and governance	25,404	50,160
Wages and salaries	637,719	289,049
National insurance	52,367	29,856
Pension cost	270,430	40,105
Depreciation	108,699	83,801
	<u>1,855,163</u>	<u>796,355</u>
<i>Total 2017</i>		<u>796,355</u>

7. NET INCOMING RESOURCES

This is stated after charging:

	2018 £	<i>2017 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	108,699	83,802
Auditors' remuneration - audit	6,000	5,000
Auditors' remuneration - other services	9,276	8,000
	<u>113,975</u>	<u>96,802</u>

EUROPA SCHOOL UK
(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	2,457,951	1,151,458
Social security costs	222,461	95,987
Operating costs of defined benefit pension schemes	533,016	253,252
	<u>3,213,428</u>	<u>1,500,697</u>
Agency staff costs	16,900	38,700
	<u>3,230,328</u>	<u>1,539,397</u>

b. Staff numbers

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

	2018 No.	2017 No.
Management	5	4
Teachers	73	21
Support	47	17
	<u>125</u>	<u>42</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff members amounted to £36,166 (2017: £24,296).

d. Key management personnel

The key management personnel of the School comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the School during the year was £317,475 (2017: £268,315).

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9. GOVERNORS' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
P Ashbourne	Remuneration	80,000-85,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
S Kynoch	Remuneration	45,000-50,000	30,000-35,000
	Pension contributions paid	5,000-10,000	5,000-10,000
K Poetzi	Remuneration	-	25,000-30,000
	Pension contributions paid	-	0-5,000
S Philppot-Gasc	Remuneration	5,000-10,000	-
	Pension contributions paid	0-5,000	-

During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £129 to 1 Governors).

10. GOVERNORS' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

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11. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Other fixed assets £	Total £
Cost						
At 1 September 2017	707,565	129,336	-	365,184	55,113	1,257,198
Additions	-	13,569	1,367	86,485	-	101,421
At 31 August 2018	707,565	142,905	1,367	451,669	55,113	1,358,619
Depreciation						
At 1 September 2017	71,871	54,525	-	226,326	7,944	360,666
Charge for the year	17,401	20,646	569	63,328	6,755	108,699
At 31 August 2018	89,272	75,171	569	289,654	14,699	469,365
Net book value						
At 31 August 2018	618,293	67,734	798	162,015	40,414	889,254
At 31 August 2017	635,694	74,811	-	138,858	47,169	896,532

On 4 July 2012, the School entered into a site sharing agreement with the European School, which ran until 31 August 2017. The leasehold property represents the cost of buildings work and improvements undertaken on the European School site up to 31 August 2017. On 1 September 2017, the School began occupying the whole School site under a Licence to Occupy Agreement between The Secretary of State for Communities and Local Government and Europa School UK. This license expired on 31 March 2018. The School intends to sign the lease for the whole site for a period of 125 years as soon as possible and continues to work with the Department for Education towards reaching an agreement over the long term lease of the site. No value for the land and buildings of the whole School site has therefore been reflected in the financial statements, other than the value of buildings work and improvements undertaken on the site up to 31 August 2017 as detailed above.

12. DEBTORS

	2018 £	2017 £
Trade debtors	860	-
VAT Recoverable	21,767	24,962
Other debtors	9,290	94,313
Prepayments and accrued income	131,459	70,472
	<u>163,376</u>	<u>189,747</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	108,023	22,268
Other taxation and social security	55,740	24,011
GAG clawback creditor	33,855	-
Other creditors	6,763	29,224
Accruals and deferred income	120,707	127,336
	<u>325,088</u>	<u>202,839</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	52,513	31,593
Resources deferred during the year	64,477	52,513
Amounts released from previous years	(52,513)	(31,593)
Deferred income at 31 August 2018	<u>64,477</u>	<u>52,513</u>

Included within deferred income is £63,209 (2017 - £52,513) that relates to the Universal Infant Free School Meals grants received from the ESFA and £1,268 (2017 - £nil) that relates to SEN funding received from the Local Authority, both of which will be utilised in the year ending 31 August 2019.

14. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General funds	14,514	449,662	(254,354)	-	209,822
Restricted funds					
General Annual Grant (GAG)	373,594	3,527,759	(3,600,748)	-	300,605
Start up Grant	-	196,000	(196,000)	-	-
Other DfE/ESFA grants	-	176,207	(176,207)	-	-
Local Authority grants	-	2,750	(2,750)	-	-
Other restricted income	16,252	22,834	(12,219)	-	26,867
Pension reserve	(304,000)	-	(163,000)	158,000	(309,000)
	<u>85,846</u>	<u>3,925,550</u>	<u>(4,150,924)</u>	<u>158,000</u>	<u>18,472</u>

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14. STATEMENT OF FUNDS (continued)

Fixed Asset Restricted funds

Fixed asset funds	908,130	138,789	(108,699)	-	938,220
Total restricted funds	<u>993,976</u>	<u>4,064,339</u>	<u>(4,259,623)</u>	<u>158,000</u>	<u>956,692</u>
Total of funds	<u><u>1,008,490</u></u>	<u><u>4,514,001</u></u>	<u><u>(4,513,977)</u></u>	<u><u>158,000</u></u>	<u><u>1,166,514</u></u>

Restricted funds:

The General Annual Grant (GAG) represents funding received from the ESFA during the year in order to fund the continuing activities of the school. Under the Funding Agreement with the Secretary of State, the school was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

The Start up Grant represents funding received from the ESFA during the year to cover the start up costs incurred by the School.

The other DfE/ESFA grants represent funding for specific educational needs and includes pupil premium.

Local Authority income includes Special Education Need (SEN) income and is utilised to cover costs incurred for pupils with learning difficulties and other disabilities. It also includes other specific grant funding to cover specific educational needs.

Other restricted income is utilised in accordance with the terms and conditions of the funding provided.

The pension reserve represents the Local Government Pension Scheme deficit.

Restricted fixed asset funds:

The restricted fixed asset funds represent funding received from the ESFA to cover costs in refurbishing the school's buildings, including classrooms and administrative offices, and purchasing new ICT equipment and fixtures and fittings, together with funding for capital projects received from other funders and donors.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Unrestricted funds					
General funds	<u>9,201</u>	<u>47,030</u>	<u>(41,717)</u>	<u>-</u>	<u>14,514</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	357,090	1,556,957	(1,540,453)	-	373,594
Start up Grant	-	193,199	(193,199)	-	-
Other DfE/ESFA grants	-	134,819	(134,819)	-	-
Local Authority grants	-	11,312	(11,312)	-	-
Other restricted income	-	25,385	(9,133)	-	16,252
Pension reserve	(206,000)	-	(77,000)	(21,000)	(304,000)
	<u>151,090</u>	<u>1,921,672</u>	<u>(1,965,916)</u>	<u>(21,000)</u>	<u>85,846</u>

Fixed Asset Restricted funds

Fixed assets funds	846,347	145,584	(83,801)	-	908,130
Total of funds	<u>1,006,638</u>	<u>2,114,286</u>	<u>(2,091,434)</u>	<u>(21,000)</u>	<u>1,008,490</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Fixed asset restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	889,254	889,254
Current assets	209,822	652,560	48,966	911,348
Creditors due within one year	-	(325,088)	-	(325,088)
Provisions for liabilities and charges	-	(309,000)	-	(309,000)
	<u>209,822</u>	<u>18,472</u>	<u>938,220</u>	<u>1,166,514</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Fixed asset restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	896,533	896,533
Current assets	14,514	592,685	11,597	618,796
Creditors due within one year	-	(202,839)	-	(202,839)
Provisions for liabilities and charges	-	(304,000)	-	(304,000)
	<u>14,514</u>	<u>85,846</u>	<u>908,130</u>	<u>1,008,490</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	24	22,852
Adjustment for:		
Depreciation charges	108,699	83,802
Dividends, interest and rents from investments	172	89
Decrease/(increase) in debtors	26,371	(115,824)
Increase in creditors	122,249	82,612
Capital grants from DfE/ESFA and other capital income	(138,789)	(145,584)
FRS 102 pension scheme cost adjustments	163,000	77,000
Net cash provided by operating activities	281,726	4,947

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	747,972	429,050
Total	747,972	429,050

18. PENSION COMMITMENTS

The School'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 Oxfordshire 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.

Contributions amounting to £nil were payable to the schemes at 31 August 2018 (2017 - 25,846) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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18. 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 £262,585 (2017 - £134,011).

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 £137,000 (2017 - £74,000), of which employer's contributions totalled £104,000 (2017 - £55,000) and employees' contributions totalled £33,000 (2017 - £19,000). The agreed contribution rates for future years are 19.3% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.60 %
Rate of increase in salaries	3.60 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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18. 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	2017
Retiring today		
Males	23.4	23.4
Females	25.5	25.5
Retiring in 20 years		
Males	25.7	25.7
Females	27.9	27.9

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities (i.e. the defined benefit obligations) were as follows:

Sensitivities	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	-	(533,000)
Discount rate -0.5% (2017: -0.1%)	(118,000)	(568,000)
Mortality assumption - 1 year increase	-	(568,000)
Mortality assumption - 1 year decrease	-	(533,000)
CPI rate +0.5% (2017: +0.1%)	(108,000)	(567,000)
CPI rate -0.1%	-	(534,000)

The scheme engaged a different actuary for the year ended 31 August 2018 to that for the year ended 31 August 2017. As such, the sensitivity analysis provided for the year ended 31 August 2018 has been determined and presented on a different basis to that for the year ended 31 August 2017.

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	283,500	152,000
Gilts and bonds	68,850	49,000
Property	32,400	16,000
Cash and other liquid assets	20,250	9,000
Other assets	-	20,000
Total market value of assets	<u>405,000</u>	<u>246,000</u>

The actual return on scheme assets was £22,000 (2017 - loss of £28,000).

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18. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(257,000)	(128,000)
Interest income	8,000	5,000
Interest cost	(18,000)	(9,000)
Total	<u>(267,000)</u>	<u>(132,000)</u>
Actual return on scheme assets	<u>14,000</u>	<u>31,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	550,000	406,000
Current service cost	257,000	128,000
Interest cost	18,000	9,000
Employee contributions	33,000	19,000
Actuarial gains	(144,000)	(12,000)
Closing defined benefit obligation	<u>714,000</u>	<u>550,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	246,000	200,000
Interest income	8,000	5,000
Actuarial gains/(losses)	14,000	(33,000)
Employer contributions	104,000	55,000
Employee contributions	33,000	19,000
Closing fair value of scheme assets	<u>405,000</u>	<u>246,000</u>

19. MEMBERS' LIABILITY

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

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20. RELATED PARTY TRANSACTIONS

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

The following related party transactions took place during the year:

J Marechau, the spouse of P Marechau, the Head of Primary and a member of the key management personnel of the School, is employed as a teacher by the School. J Marechau's appointment was made in open competition and P Marechau was not involved in the decision making process regarding the appointment. J Marechau is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a member of the key management personnel of the School.

R Greenwood, the spouse of M-C Greenwood, the Director of Finance and Operations and a member of the key management personnel of the School, is employed as a teacher by the School. R Greenwood's appointment was made in open competition and M-C Greenwood was not involved in the decision making process regarding the appointment. R Greenwood is paid within the normal pay scale for his role and receives no special treatment as a result of her relationship to a member of the key management personnel of the School.

F Ashbourne, the spouse of P Ashbourne, the Principal and a Governor of the School, was employed as a teacher by the School during the year. F Ashbourne's appointment was made in open competition and P Ashbourne was not involved in the decision making process regarding the appointment. F Ashbourne was paid within the normal pay scale for her role and received no special treatment as a result of her relationship to the Principal and a Governor.