Registered number: 07430289

Chellaston Academy

Trustees Report and Financial Statements

For the Year Ended 31 August 2016

DAINS
ACCOUNTANTS

Chellaston Academy
(A company limited by guarantee)

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Reference and Administrative Details of the Academy, its Trustees and Advisers For the Year Ended 31 August 2016

Trustees and Members	K Gaiderman (appointed 1 September 2015) A Dawson (resigned 14 September 2016) A Johnson, Chair of Trustees N Hollis (appointed 14 September 2016)
Governors	S Archer D Brown[1] S Ellis, Staff Governor G Golding[1] N Hollis, Chair of Governors[1] D Burdis, Staff Governor (resigned 2 February 2016) A Tillyard, Responsible Officer W Wesson (resigned 23 May 2016) K Devendra[1] K Gaiderman, Headteacher and Accounting Officer (appointed 1 September 2015)[1] A Roe (appointed 1 February 2016) L Cooper (appointed 1 February 2016) F Kupferberg, Staff Governor (appointed 13 October 2016) T Barker, Staff Governor (appointed 13 October 2016) [1] members of the finance and general purposes committee
Company registered number	07430289
Company name	Chellaston Academy
Principal and registered office	Chellaston Academy Swarkestone Road Chellaston Derby Derbyshire DE73 5UB
Company secretary	D Grantham
Senior management team	K Gaiderman, Headteacher S Ellis, Deputy Headteacher P Clarke, Assistant Headteacher J Shillingford, Assistant Headteacher S Nelson, Assistant Headteacher (appointed 1 January 2016) R Bambra, Assistant Headteacher I Walters, Assistant Headteacher (appointed 1 November 2015), (resigned 31 August 2016) A Holdgate, Assistant Headteacher E Moore, Assistant Headteacher T Stavri, Assistant Headteacher D Swainston, Assistant Headteacher (resigned 31 December 2015)

Advisers (continued)

Independent auditors	Dains LLP Charlotte House Stanier Way The Wyvern Business Park Derby DE21 6BF
Bankers	HSBC Plc St Peters Street Derby Derbyshire DE1 2AE
Solicitors	Flint Bishop LLP St Michael's Court St Michael's Lane Derby DE1 3HQ

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. Constitution

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

The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Chellaston Academy Trust are also the directors of the Charitable Company for the purpose of company law.

The Charitable Company is known as Chellaston Academy.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on pages 1-2.

There shall be at least 3 members of the Academy Trust and they shall comprise:

1. until they cease to be Members, the signatories to the Memorandum;
2. the Headteacher;
3. the chairman of the Governors;
4. the vice-chairman of the Governors;
5. any Governor who wishes to become a Member, by right from the time of their appointment as a Governor;
6. 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
7. any person appointed unanimously in writing by the existing Members

Details of the Governors who served on the Chellaston Academy Governing Body throughout the period except as noted are included in the Reference and Administrative Details.

Chellaston Academy came into being on 1 December 2010 having converted to Academy status from Chellaston Foundation School on 1 December 2010. A Funding Agreement was signed with the Secretary of State on 24 November 2010 and the Charitable Company was registered at Companies House on 4 November 2010.

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.

b. Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of Chellaston Academy against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of Chellaston Academy.

d. Method of recruitment and appointment or election of Trustees

The Academy Trust shall have the following Governors:

1. up to 7 Community Governors, appointed by the Members of the Academy Trust;
2. up to 2 Staff Governors, 1 of whom shall be teaching staff and 1 of whom shall be non-teaching staff, employed by the Academy at the time of election and elected by the teaching and non-teaching staff at the Academy;
3. 1 Appointed Teaching Staff Governor, appointed by the Members of the Academy Trust;
4. 2 Parent Governors, elected by secret ballot by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when they are elected. The Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so;
5. up to 4 Appointed Parent Governors, appointed by the Members of the Academy Trust;
6. the Headteacher; ex officio
7. any Additional Governors, if appointed by the Secretary of State following a warning notice to the Governors;
8. any Further Governors if appointed by the Secretary of State if a Special Measures Termination Event occurs;
9. up to 2 Co-opted Governor appointed by non Co-opted Governors.

The term of office for any Governor is a maximum of 4 years; other than the Headteacher who is ex-officio. Any Governor may be re-appointed or re-elected subject to continuing eligibility. Governors of the Academy were reclassified from the Foundation School Governing Body.

The Academy Trust is committed to participation and wide representation of stakeholders in the composition and constitution of the Governing Body. The 6 Parent Governors and 7 Community Governors represent the localities and interests of the communities from which the Academy draws students. Efforts are made to ensure that there is a broad gender, ethnic and socio-economic mix of Governors.

When ballots are held for Governors, there are opportunities for nominated persons to visit the Academy and interview the Headteacher and Chair of Governors. Full information about the roles and responsibilities of the Governors are posted, prior to recruitment and election, on the Academy website. Hard copies of information are always available. The Governors' website is a rich source of information.

Ballot papers are posted to pupil homes. Nominations and vote counting are overseen independently and organised openly by the Clerk to Governors. Results are announced by pupil post and on the Academy website.

Appeals against maladministration can be made.

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

All Governors receive the Governors' Handbook which is updated annually. New Governors meet with the Headteacher and the Chair of Governors, receive a copy of the Academy Improvement Plan (AIP), past minutes and committee information; additionally the Local Authority's Governors' induction training can be accessed. Governors have opportunities to see the Academy in our 'open door' policy and through partnering of a Curriculum Area.

f. Organisational structure

The Governing Body held 1 meeting per half term and has delegated authority to a number of sub committees as follows:

1. Finance and General Purposes
2. Leadership and Management
3. Standards Committee

For the year beginning 1 September 2016 the Governing Body will hold 4 meetings in the academic year with 6 Finance and General Purposes Committee meetings, 3 Leadership and Management Committee meetings and 3 Standards Committee meetings.

Each Sub Committee has documented and agreed Terms of Reference which detail the level of devolved authority from the Governing Body to the Sub Committee. These are updated and reviewed annually. The Chair of the Sub Committee reports back to the Governing Body at the Governors' meeting following each Sub Committee meeting.

Individual Governors are linked to curriculum areas.

The Governors are responsible for setting general policy, adopting an annual improvement plan and budget, monitoring the Academy performance and making major decisions about the direction of the Academy, its staffing and capital expenditure.

The day to day management of the Academy is delegated to the Headteacher who directs the Leadership Team which consisted of a Deputy Headteacher and 7 Assistant Headteachers in the year to 31 August 2016. The Headteacher is the Accounting Officer for the Academy. For the year beginning 1 September 2016 the Leadership Team has changed to 2 Deputy Headteachers and 7 Assistant Headteachers.

The Company Secretary is managed by the Chair of Trustees. The Clerk to the Governors is managed by the Chair of Governors. The Clerk has access to regular training.

Budgets are devolved to budget holders at both Leadership Team and Curriculum level as appropriate. The Governors have developed and approved Financial Limits of Authority; these are reviewed on an annual basis.

The management and governance responsibilities are interlinked and mutually supportive. The Governors define the aims, objectives, principles and strategies of the Academy; the Management team ensures that all operational decisions are in accord with those principles. Executive decisions made by the Headteacher have to be approved by the Governors in relation to Exclusions; Admissions; Staffing Complement; Staff Discipline and Grievance and Staffing Structure.

Governors approve targets for the Academy and for the Headteacher. These targets are reviewed by the appropriate committee.

The Headteacher has a Leadership Team which manages the performance and effectiveness of the Middle Managers in the Academy, who in turn manage the effectiveness and performance of the teaching staff.

Decisions are made in a coherent and transparent process through staff consultation and discussion. Executive decisions will be made by the Headteacher or a Deputy Headteacher.

g. Arrangements for setting pay and remuneration of key management personnel

The pay ranges for the Leadership Team are determined in accordance with the criteria specified in the School Teachers Pay and Conditions Document and in accordance with the Academy Pay Policy. Consideration is given to the significant responsibility given to the Leadership Team that is not required of all classroom teachers or TLR holders; in particular their focus on teaching and learning, use of professional skills and judgement, leading and management of the Academy, leading and developing teaching practice of staff to result in a positive impact on the educational progress of pupils.

Governors review the performance of the Headteacher and set and approve the Headteachers pay range, pay and remuneration. The Headteacher sets the pay range and approves the pay and remuneration of the senior leadership team. With the exception of the Headteacher the Academy Trustees do not receive pay or remuneration.

h. Connected organisations, including related party relationships

Chellaston Academy enjoys a wide range of partnerships and collaborations, both formal and informal which have been established to promote the core aims of the Academy.

At a local level, the Academy is involved in all collaborations within the Derby Educational Improvement Partnership, which involves all of the Secondary Schools in the City. This is a formal organisation which works together in order to promote the best possible educational outcomes for City students. We also play our part in sharing arrangements for difficult students and for students who are new arrivals to the City.

The Academy continues to be a member of the Derby Teaching School Alliance and the Headteacher continues to be an executive member.

On an individual basis, staff work in partnership with a range of other schools in programmes and strategies which promote Teaching and Learning in the City.

Chellaston Academy is a Teaching school and has developed links with other education providers for the training of new teachers.

The Academy Headteacher is a representative on the Schools' Forum, which is an important decision making body allocating scarce resources across the City.

Members of the Leadership Team are fully involved in collaborations across the City and beyond in terms of 14-19 partnerships; subject networks; assessment groups; virtual groups and many other forms of networking and linking.

Objectives and Activities

a. Objects and aims

The Academy Trust's objects are as follows:

1. advancing for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;

2. promoting for the benefit of the inhabitants of Chellaston and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The Academy has 3 Aims on which the development plan and associated spending decisions are based. These are:

1. To maximise pupil attainment
2. To reach an 'outstanding' grading at inspection by OFSTED and to ensure that excellence is sought in all Academy activities
3. To use new technologies

b. Objectives, strategies and activities

Having converted to Academy Status on 1 December 2010 the principal objective and activity of the Charitable Company is the operation of Chellaston Academy to provide education to children of different abilities between the ages of 11 and 19.

During this current reporting period, the main aims of the Academy continue to be the maximising of attainment for all students, regardless of background or ability.

The Academy will not change its fundamental aim of providing the best possible opportunities for students to maximise their achievement, regardless of ability or background. Last year, Pupil Premium students continued to be targeted as a priority; the academy still continues to have a gap between the disadvantaged pupils within the school and all other students nationally. That gap has been reduced, but the focus has now shifted on to the progress being made by students of all abilities rather than their raw results. After Performance Management reviews, Job Descriptions have been altered in order to accommodate the new priorities and there is now a structure to provide the best possible momentum to generate accelerated progress in the Academy.

c. Public benefit

The Academy Trust Governors have complied with their duty to have due regard to the Charity Commission guidance on public benefit in exercising their powers and duties, as noted above in the review of activities during the period in regard to the objects of the Charitable Company.

The Academy continues to be a vibrant contributor to local life in the community and its buildings and staff are used to promote a sense of well-being in the local area. The Academy is used for community meetings, sporting events and festivals. The Community Forum meets in the Academy on a regular basis and the local Councillors make themselves available, as do the local police. Academy facilities are used for Drama and Sport. On many evenings during the week, we have a range of activities in the Academy and we continue to provide adult education for a range of qualification classes.

Achievements and performance

a. Key financial performance indicators

Monitoring and Governance continues to be regular and thorough. The Academy is held to account by the Finance and General Purposes Committee who report back to the full Governing Body.

The Academy is currently managing a major new build funded by the EFA Capital Bid Programme costing £4.1 million. This will replace the inadequate temporary Maths Block and will contribute greatly to the atmosphere and quality of Maths and English provision in the Academy. Phase 1 has been brought into use at the start of the 2016/2017 academic year and phase 2 is well underway and due for completion in March 2017. There continue to be strict arrangements in place to monitor the phasing and progress of the project.

The refurbishment of the BRU into The Centre has now been completed to provide an improved learning environment for behaviourally challenging pupils.

Income to the Academy has to be carefully managed as the decreases in funding continue to have a ripple effect. We have reacted to the reductions in Post-16 funding by reducing the amount of contact time in the Sixth Form. We have responded to the reduced budgets by increasing class sizes and increasing contact ratios. Staffing expenditure has been reduced significantly across many areas of the Academy but we have probably taken the greatest steps possible in order to address a challenging situation so that we should not need to make any further reductions over the next two years if numbers continue to remain stable.

Improvements in examination results have been evident with Progress 8 improved from -0.07 to +0.24. Attainment of A* to C in English and Maths has improved from 58% in 2015 to 78% in 2016 and the levels of progress in English and Maths are significantly above the national average. A level results have increased progress from ALPS 5 to ALPS 4.

The Academy's accounts are carefully scrutinised and all financial procedures are followed by teaching staff and Governors. Financial controls are firmly in place. A successful Internal Audit Risk Review visit was undertaken during the year with the Summary Report presented to the Governors.

b. Going concern

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

Financial review

a. Reserves policy

The Governors review the reserve levels of the Academy on a regular basis as part of their regular monitoring of the Academy finances.

The Academy Trust held fund balances at 31 August 2016 of £16,395,697 consisting of £15,904,856 restricted funds and £491,111 unrestricted funds. Included in the restricted fund is an amount of £17,918,805 invested in fixed assets and a pension reserve deficit of £2,702,000.

The reason why the Academy has had to build reserves was to provide a stronger basis for submitting a capital bid for funding to replace the Maths Block. The reserve has also enabled a program of capital investment in the refurbishment of both teaching and office spaces to be undertaken in addition to the improvements in site security.

b. Material investments policy

In furtherance of the Objects Chellaston Academy Trust may deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects only after obtaining such advice from a financial expert, authorised to give investment advice under the Financial Services and Markets Act 2000, as the Governors consider necessary and having regard to the suitability of investments and the need for diversification.

c. Principal risks and uncertainties

Given that cash funding is received directly from the DfE under the terms of the Funding Agreement the risk and uncertainty of reduced funding is controlled by the DfE; however, as funding levels are primarily based on pupil numbers and applications to Year 7 and Post 16 remain high, funding is considered to be secure. That funding is secured on the income generated by student numbers. However, funding does not reflect numerous increased costs.

d. Financial risk management objectives and policies

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes in pursuance of the Academy's objects. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice (SORP 2015) such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2016 the net book value of fixed assets was £3,382,002 (excluding Freehold Property) and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy and in line with the objects of the Academy.

The Governors have been advised by the actuary for the Local Government Pension Scheme that the pension liability has increased to £2,702,000 for the current shortfall in payments required to fund non-academic staff's final salary pension schemes (In accordance with FRS 102).

e. Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff, supervision of school grounds) and an effective system of internal financial control in order to minimise risk.

Risks to the Academy fall into the following three categories:

1. Financial - Income to the Academy is always predicted prudently and expenditure plans are controlled by a strong Committee structure. The Headteacher is accountable to the Committee for restricting expenditure within budget limits.

2. Performance - A decline in results would lead to a less favourable reputation which would, in turn, lead to fewer numbers of students with the subsequent loss of income. The Headteacher is accountable to the Governing Body for academic results.

3. Health and Safely - A range of risk assessments, including actions to be taken in the event of extreme incidents, have been written. These are reviewed annually.

Plans for future periods

a. Future developments

The Academy is undergoing a major development in a replacement of the Maths Block. This is a two year project which is funded by the EFA. The Academy is currently upgrading the physical security of the site by the installation of security fencing and gates, incorporating a manned gatehouse, and additional CCTV, at the front of the Academy site to improve the safeguarding of both pupils and staff.

We will instigate a medium term development plan for the expansion of the Academy.

Disclosure of information to auditors

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

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the Governing Body as the company directors, on 12 December 2016 and signed on its behalf by:

Alan Johnson
Chair of Trustees

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Chellaston Academy 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Chellaston Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
S Archer	6	6
D Brown	2	6
S Ellis, Staff Governor	6	6
G Golding, Vice Chair of Governors	5	6
N Hollis, Chair of Governors	6	6
D Burdis, Staff Governor (resigned 2 February 2016)	3	3
A Tillyard, Responsible Officer	4	6
W Wesson (resigned 23 May 2016)	1	4
K Devendra	4	6
K Gaiderman, Headteacher and Accounting Officer (appointed 1 September 2015)	6	6
A Roe (appointed 1 February 2016)	3	4
L Cooper (appointed 1 February 2016)	3	4
F Kupferberg, Staff Governor (appointed 13 October 2016)	0	0
T Barker (appointed 13 October 2016), Staff Governor	0	0

The Trustees have established a means of monitoring the performance of the Academy so that the aims of the Academy are fully met. The Trustees have produced a document outlining their responsibilities in relation to the success of the Academy.

The Chair and Clerk to the Governors undertake an annual review of Governors' skills and knowledge so that they can be most effectively used in Committee work. A skills audit is used as the basis for this exercise and Governors are then asked to contribute towards a Committee Structure which is based on the Ofsted Framework. Each year, the Terms of Reference for the Governing Body and the various Committees are reviewed and amended in order to comply with the latest changes in educational policy. This will continue in 2016 to 2017.

The meeting structure will remain fundamentally the same as this effectively promotes Governance of the Academy as Committees feed into the full Governing Body for decision-making or ratification purposes. As an overall structure, the full Governing Body will meet four times in the year with at least one meeting per term, the Finance and General Purposes Committee meet in the penultimate week of each half-term and other Committee meetings revolve around these dates.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring to make appropriate comments and recommendations on such matters to the Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
K Gaiderman, Headteacher and Accounting Officer (appointed 1 September 2015)	6	6
G Golding, Vice Chairman	4	6
S Ellis, Staff Governor	5	6
N Hollis, Chair of Governors	6	6
D Brown (Chairman from 12 October 2015)	6	6
K Devendra, (Vice Chairman from 12 October 2015)	6	6

Review of Value for money

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

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

- ensuring that competitive tenders have been obtained for procurement in line with the governors annually reviewed Best Value Statement.
- Ensuring that a rigorous system of internal controls exists to ensure prudence and accountability for financial resources.
- Undertaking a major restructuring of the curriculum in order to better utilise teachers directed time and reduce staffing costs.
- Utilising Capital Grant funding to replace and improve the outdated Maths Block. Not only will this provide a much improved facility but will reduce maintenance and heating costs.
- Initializing the development of the Academy as a Teaching School.
- Improving the Performance Management and Continuing Professional Learning process in order to improve teaching and promote improvement in academic results.
- Developing a facility to enable the onsite education of pupils requiring alternative provision following a review of the previous offsite alternative provision in the absence of any noticeable benefit.

During the coming year Academy is seeking to address the following areas:

- to maintain a strong focus on the progress of pupils eligible for Pupil Premium funding in an Academy wide setting.
- to continue to improve the Continuing Professional Learning process for middle leaders.
- to undertake further restructuring of the curriculum at all Key Stages in order to better utilise teachers directed time and reduce staffing costs.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chellaston Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Dains Accountants, the external auditor, to perform additional checks to replace the previous Responsible Officer review. The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Payroll systems
- Purchase systems
- Expense claims
- Income
- Bank and petty cash reconciliations
- Fixed assets.

The subsequent report of the summary of the risk review visit was communicated to the governors and discussed at the following Finance and General Purposes Committee meeting. There were no material control issues arising as a result of the auditors review work.

The structure of the Governors' Committees enables a cycle of planning and action to be validated and reported on to full Governors on a regular basis. The full Governing Body is given minutes of decisions and actions taken by the Finance and General Purposes Committee. The Chair of the Finance and General Purposes Committee is answerable to the full Governors.

Review of Effectiveness

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

- the work of the external auditors;
- Responsible Officer review by the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 12 December 2016 and signed on their behalf, by:

A Johnson
Chair of Trustees

K Gaiderman
Accounting Officer

Chellaston Academy
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chellaston Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

K Gaiderman
Accounting Officer

Date: 12 December 2016

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 12 December 2016 and signed on its behalf by:

A Johnson
Chair of Trustees

Independent Auditors' Report on the Financial Statements to the Members of Chellaston Academy

We have audited the financial statements of Chellaston Academy for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Lisa Richards FCCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Charlotte House, Derby
12 December 2016

Independent Reporting Accountants' Assurance Report on Regularity to Chellaston Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 29 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chellaston Academy during the year 1 September 2015 to 31 August 2016 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 Chellaston Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chellaston Academy and the EFA 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 Chellaston Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chellaston Academy's accounting officer and the reporting accountants

The accounting officer is responsible, under the requirements of Chellaston Academy's funding agreement with the Secretary of State for Education dated 24 November 2010, and the Academies Financial Handbook extant from 1 September 2015, 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 2014 to 2015. 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 2015 to 31 August 2016 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Dains LLP

Statutory Auditor
Chartered Accountants

Charlotte House, Derby

12 December 2016

Chellaston Academy

(A company limited by guarantee)

Statement of Financial Activities
For the Year Ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	**10,667**	-	-	**10,667**	8,279
Charitable activities:	3					
Funding for the academy trust's educational operations		**356,176**	**7,607,702**	**2,716,459**	**10,680,337**	8,238,343
Other trading activities	4	**36,665**	**182**	-	**36,847**	29,730
Investments	5	**4,755**	-	-	**4,755**	2,933
Total		**408,263**	**7,607,884**	**2,716,459**	**10,732,606**	8,279,285
Expenditure on:						
Raising funds		**6,566**	**174**	-	**6,740**	5,627
Charitable activities:						
Academy Trust educational operations		**351,621**	**7,559,237**	**441,004**	**8,351,862**	8,718,418
Total	6	**358,187**	**7,559,411**	**441,004**	**8,358,602**	8,724,045
Net income / (expenditure)		**50,076**	**48,473**	**2,275,455**	**2,374,004**	(444,760)
Transfers between Funds	16	-	**(103,901)**	**103,901**	-	-
Net income / (expenditure) before other recognised gains and losses		**50,076**	**(55,428)**	**2,379,356**	**2,374,004**	(444,760)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	21	-	**(942,000)**	-	**(942,000)**	8,000
Net movement in funds		**50,076**	**(997,428)**	**2,379,356**	**1,432,004**	(436,760)
Reconciliation of funds:						
Total funds brought forward		**441,035**	**(1,016,521)**	**15,539,449**	**14,963,963**	15,400,723
Total funds carried forward		**491,111**	**(2,013,949)**	**17,918,805**	**16,395,967**	14,963,963

Chellaston Academy

(A company limited by guarantee)
Registered number: 07430289

Balance Sheet
As at 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		**17,918,805**		15,530,865
Current assets					
Stocks	13	**3,692**		3,487	
Debtors	14	**215,206**		135,052	
Cash at bank and in hand		**1,767,179**		1,851,237	
		1,986,077		1,989,776	
Liabilities:					
Creditors: Amounts falling due within one year	15	**(806,915)**		(933,678)	
Net current assets			**1,179,162**		1,056,098
Net assets excluding pension liability			**19,097,967**		16,586,963
Defined benefit pension scheme liability	21		**(2,702,000)**		(1,623,000)
Total net assets			**16,395,967**		14,963,963
Funds of the academy trust:					
Restricted income funds:					
Restricted income fund	16	**688,051**		606,479	
Pension reserve	16	**(2,702,000)**		(1,623,000)	
Fixed asset funds	16	**17,918,805**		15,539,449	
Total restricted income funds			**15,904,856**		14,522,928
Unrestricted income funds	16		**491,111**		441,035
Total funds			**16,395,967**		14,963,963

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:

A Johnson
Chair of Trustees

The notes on pages 24 to 43 form part of these financial statements.

Chellaston Academy
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	**23,672**	345,814
Cash flows from investing activities:			
Dividends, interest and rents from investments		**4,755**	2,933
Purchase of tangible fixed assets		**(2,828,944)**	(197,617)
Capital grants from DfE/EFA		**2,716,459**	201,212
Net cash (used in)/provided by investing activities		**(107,730)**	6,528
Change in cash and cash equivalents in the reporting period		**(84,058)**	352,342
Cash and cash equivalents at 1 September 2015		**1,851,237**	1,498,895
Cash and cash equivalents at 30 August 2016	19	**1,767,179**	1,851,237

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, exceptwhere noted), judgements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Chellaston Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants are included in the statement of financial activities 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 in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations are recognised on a receivable basis where there is certainty of receipt 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. Accounting Policies (continued)

1.4 Expenditure

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

Expenditure on Raising Funds
This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading

Charitable activities
These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets 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 each asset on a straight-line basis is over its expected useful life, as follows:

Freehold property	-	2% straight line
Building refurbishments	-	10% straight line
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	20% straight line
Computer equipment	-	3 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review of impairment of a fixed asset is carried out if events or changes in circumstance 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.

1. Accounting Policies (continued)

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust 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.

1.7 Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

1.8 Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

1.9 Stocks

Stocks are valued at the lower of cost or net realisable value.

1.10 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

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

1. Accounting Policies (continued)

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

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

1.12 Fund accounting

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

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

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

1. Accounting Policies (continued)

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 judgement:

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

2. Income from donations and capital grants

	Unrestricted funds 2016 £	**Restricted funds 2016 £**	**Total funds 2016 £**	Total funds 2015 £
Donations	**10,667**	**-**	**10,667**	8,279

In 2015, of the total income from donations and capital grants, £8,279 was to unrestricted funds and £NIL was to restricted funds.

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	**7,062,737**	**7,062,737**	6,938,085
Educational Services Grant (ESG)	-	**161,107**	**161,107**	218,452
Pupil premium	-	**191,379**	**191,379**	208,729
Year 7 catch up grant	-	**12,500**	**12,500**	11,500
Capital grants	-	**2,716,459**	**2,716,459**	201,212
Other DfE/EFA grants	-	-	-	35,400
	-	**10,144,182**	**10,144,182**	7,613,378
Other government grants				
Local authority and government grants	-	**111,832**	**111,832**	99,157
	-	**111,832**	**111,832**	99,157
Other funding				
School fund	**356,176**	-	**356,176**	392,946
Staff related income	-	**14,154**	**14,154**	84,076
Department income	-	**22,849**	**22,849**	25,150
Educational visits	-	**7,720**	**7,720**	9,892
Other Income	-	**23,174**	**23,174**	13,744
Insurance claim income	-	**250**	**250**	-
	356,176	**68,147**	**424,323**	525,808
	356,176	**10,324,161**	**10,680,337**	8,238,343

In 2015, of the total income from charitable activities, £392,946 was to unrestricted funds and £7,845,397 was to restricted funds.

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	**36,665**	-	**36,665**	29,533
Catering Income	-	**182**	**182**	197
	36,665	**182**	**36,847**	29,730

In 2015, of the total income from other trading activities, £29,533 was to unrestricted funds and £197 was to restricted funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	**4,755**	**-**	**4,755**	2,933

In 2015, of the total income from investment income, £2,933 was to unrestricted funds and £NIL was to restricted funds.

6. Analysis of resources expended by expenditure type

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	**6,566**	**-**	**174**	**6,740**	5,627
Academy's educational operations:					
Direct costs	**5,624,748**	**441,004**	**1,045,531**	**7,111,283**	7,534,360
Allocated support costs	**657,875**	**-**	**582,704**	**1,240,579**	1,184,058
	6,289,189	**441,004**	**1,628,409**	**8,358,602**	8,724,045

In 2016, of the total expenditure, £358,187 (2015: £392,843) was from unrestriced funds and £8,000,415 (2015: £8,331,202) was from restricted funds.

7. Charitable activities

	Total funds 2016 £	Total funds 2015 £
Direct costs - educational operations		
Wages and salaries	**4,481,550**	4,943,095
National insurance	**375,518**	371,936
Pension cost	**781,209**	783,319
Depreciation	**441,004**	416,458
Pension interest cost	**63,000**	33,000
Educational supplies	**107,866**	131,847
Examination fees	**151,262**	176,957
Staff development	**53,946**	7,127
Technology costs	**78,067**	73,988
Educational workshops and consultancy	**57,057**	71,808
Free school meals	**54,650**	56,717
Other direct costs	**44,764**	35,931
Recruitment and support costs	**40,505**	18,030
Subscriptions	**4,025**	3,310
Transport	**25,239**	23,423
School fund expenditure	**351,621**	387,414
	7,111,283	7,534,360
Support costs - educational operations		
Wages and salaries	**526,915**	505,763
National insurance	**25,647**	21,682
Pension cost	**104,337**	101,623
Subscriptions	**16,676**	7,092
Staff development	**879**	31,030
Technology costs	**11,011**	8,949
Printing, postage, stationery and telephone	**20,086**	23,929
Maintenance of premises	**189,947**	142,632
Equipment cost	**4,952**	1,318
Catering costs	**17,079**	14,211
Security costs	**35,324**	34,150
Rates	**39,836**	39,234
Water rates	**24,479**	24,812
Energy	**116,681**	128,910
Insurance	**44,606**	44,458
Governance costs	**22,429**	16,258
Bank charges	**1,756**	1,711
Other support costs	**26,461**	26,099
Cleaning	**11,478**	10,197
	1,240,579	1,184,058
	8,351,862	8,718,418

8. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	**441,004**	416,458
Auditors' remuneration	**5,750**	5,750
Auditor's remuneration - non-audit	**775**	375
Operating leases	**22,167**	19,972

9. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	**5,015,031**	5,454,288
Social security costs	**401,165**	393,618
Operating costs of defined benefit pension schemes	**885,546**	884,942
	6,301,742	6,732,848
Pension interest cost	**63,000**	33,000
	6,364,742	6,765,848

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

	2016 No.	2015 No.
Cleaning	**29**	32
Caretakers	**4**	4
Administration	**13**	14
Educational Support	**13**	14
Midday Supervisors	**9**	11
Supply	**3**	1
Teachers	**128**	140
Community Education	**7**	6
Classroom Assistant	**9**	11
Invigilators	**5**	5
Cover Supervisors	**1**	3
ICT Technicians	**1**	2
	222	243

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Cleaning	**12**	13
Caretakers	**4**	4
Administration	**12**	12
Educational Support	**11**	12
Midday Supervisors	**3**	3
Supply	**1**	1
Teachers	**109**	124
Community Education	**1**	1
Classroom Assistant	**9**	11
Invigilators	**2**	2
Cover Supervisors	**1**	3
ICT Technicians	**2**	2
	167	188

9. Staff costs (continued)

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	**1**	1
In the band £90,001 - £100,000	**1**	0
In the band £110,001 - £120,000	**0**	1

Included within wages and salaries in direct costs, is an amount of £6,500, which was paid to a member of teaching staff in the year as compensation for loss of office.

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £638,868 (2015: £647,540).

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and other staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£	£
Ray Ruszczynski, Headteacher and Accounting Officer	Remuneration	**-**	115,000-120,000
	Pension contributions paid	**-**	15,000-20,000
Kevin Gaiderman, Headteacher and Accounting Officer	Remuneration	**90,000-95,000**	-
	Pension contributions paid	**15,000-20,000**	-

During the year, no Trustees received any benefits in kind (2015 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

12. Tangible fixed assets

	Freehold land and buildings £	Building refurbishment £	Motor vehicles £	Fixtures and fittings £
Cost				
At 1 September 2015	**16,243,795**	**664,070**	**47,105**	**164,060**
Additions	**-**	**63,579**	**25,480**	**2,363**
At 31 August 2016	**16,243,795**	**727,649**	**72,585**	**166,423**
Depreciation				
At 1 September 2015	**1,406,624**	**201,868**	**47,105**	**109,596**
Charge for the year	**300,368**	**72,765**	**6,367**	**33,287**
At 31 August 2016	**1,706,992**	**274,633**	**53,472**	**142,883**
Net book value				
At 31 August 2016	**14,536,803**	**453,016**	**19,113**	**23,540**
At 31 August 2015	14,837,171	462,202	-	54,464

	Computer equipment £	Assets under construction £	Total £
Cost			
At 1 September 2015	**190,726**	**167,290**	**17,477,046**
Additions	**55,444**	**2,682,078**	**2,828,944**
At 31 August 2016	**246,170**	**2,849,368**	**20,305,990**
Depreciation			
At 1 September 2015	**180,988**	**-**	**1,946,181**
Charge for the year	**28,217**	**-**	**441,004**
At 31 August 2016	**209,205**	**-**	**2,387,185**
Net book value			
At 31 August 2016	**36,965**	**2,849,368**	**17,918,805**
At 31 August 2015	9,738	167,290	15,530,865

Included in land and buildings is land of £1,225,400 (2015 - £1,225,400) which is not depreciated.

13. Stocks

	2016	2015
	£	£
Goods for resale	**3,692**	3,487

14. Debtors

	2016	2015
	£	£
Trade debtors	**7,973**	5,462
Other debtors	**77,266**	16,854
Prepayments and accrued income	**129,967**	112,736
	215,206	135,052

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**554,509**	178,581
Taxation and social security	**118,086**	113,601
Other creditors	**17,441**	17,530
Accruals and deferred income	**116,879**	623,966
	806,915	933,678

	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	**476,497**	67,144
Resources deferred during the year	**61,346**	476,497
Amounts released from previous years	**(476,497)**	(67,144)
Deferred income at 31 August 2016	**61,346**	476,497

At the balance sheet date the Academy Trust was holding grant income received in advance for the period to 31 March 2017.

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	441,035	408,263	(358,187)	-	-	491,111
Restricted funds						
General Annual Grant (GAG)	358,574	7,223,844	(7,059,720)	(92,701)	-	429,997
Pension reserve	(1,623,000)	-	(137,000)	-	(942,000)	(2,702,000)
Other DfE/EFA grants	80,061	203,879	(200,416)	(11,200)	-	72,324
Other government grants	36,670	111,832	(102,901)	-	-	45,601
Other income	131,174	68,329	(59,374)	-	-	140,129
	(1,016,521)	7,607,884	(7,559,411)	(103,901)	(942,000)	(2,013,949)
Restricted fixed asset funds						
DfE/EFA capital grants	1,491,245	2,716,459	(145,648)	103,901	-	4,165,957
LA capital grants	356,791	-	(19,864)	-	-	336,927
Gift from local authority	13,691,413	-	(275,492)	-	-	13,415,921
	15,539,449	2,716,459	(441,004)	103,901	-	17,918,805
Total restricted funds	14,522,928	10,324,343	(8,000,415)	-	(942,000)	15,904,856
Total of funds	14,963,963	10,732,606	(8,358,602)	-	(942,000)	16,395,967

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

Restricted general funds
This fund represents grants and other income received for the Academy's operational activities and development.

Pension reserve
The pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds
This fund represents grants received from the DfE and EFA, as well as transfers from GAG, to carry out works of a capital nature.

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	17,918,805	17,918,805	15,530,865
Current assets	765,517	1,199,732	20,828	1,986,077	1,989,776
Creditors due within one year	(274,406)	(511,681)	(20,828)	(806,915)	(933,678)
Provisions for liabilities and charges	-	(2,702,000)	-	(2,702,000)	(1,623,000)
	491,111	(2,013,949)	17,918,805	16,395,967	14,963,963

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

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	2,374,004	(444,760)
Adjustment for:		
Depreciation charges	441,004	416,458
Losses on investments	(4,755)	(2,933)
Increase in stocks	(205)	(670)
(Increase)/decrease in debtors	(80,156)	15,914
(Decrease)/increase in creditors	(126,761)	433,017
Capital grants from DfE and other capital income	(2,716,459)	(201,212)
Defined benefit pension scheme finance cost	137,000	130,000
Net cash provided by operating activities	23,672	345,814

19. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	1,767,179	1,851,237
Total	1,767,179	1,851,237

20. Capital commitments

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	1,150,632	-

21. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Derbyshire 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 2013.

Contributions amounting to £17,410 were payable to the schemes at 31 August 2016 (2015 - £17,500) 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £655,903 (2015 - *£623,944*).

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).

21. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £202,000 (2015 - £*217,000*), of which employer's contributions totalled £155,000 (2015 - £*165,000*) and employees' contributions totalled £47,000 (2015 - £*52,000*). The agreed contribution rates for future years are 5.8% - 12.5%% for employers and 5.5% - 11.4%% 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:

	2016	2015
Discount rate for scheme liabilities	**2.10 %**	3.80 %
Expected return on scheme assets at 31 August	**2.10 %**	3.80 %
Rate of increase in salaries	**3.10 %**	3.60 %
Rate of increase for pensions	**2.10 %**	2.70 %

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

	2016	2015
Retiring today		
Males	**22.0**	22.0
Females	**24.2**	24.2
Retiring in 20 years		
Males	**24.1**	24.1
Females	**26.6**	26.6

21. Pension commitments (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	**1,367,000**	1,030,000
Debt instruments	**422,000**	303,000
Property	**121,000**	91,000
Cash	**101,000**	91,000
Total market value of assets	**2,011,000**	1,515,000

The actual return on scheme assets was £312,000 (2015 - *£38,000*).

The amounts recognised in the statement of financial activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	**(229,000)**	(262,000)
Net interest cost	**(63,000)**	(33,000)
Total	**(292,000)**	(295,000)
Actual return on scheme assets	**312,000**	38,000

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

	2016 £	2015 £
Opening defined benefit obligation	**3,138,000**	2,782,000
Current service cost	**229,000**	262,000
Interest cost	**124,000**	108,000
Contributions by employees	**47,000**	52,000
Actuarial losses/(gains)	**1,193,000**	(45,000)
Benefits paid	**(18,000)**	(21,000)
Closing defined benefit obligation	**4,713,000**	3,138,000

21. Pension commitments (continued)

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

	2016	2015
	£	£
Opening fair value of scheme assets	**1,515,000**	1,281,000
Return on plan assets (excluding net interest on the net defined pension liability)	**61,000**	75,000
Contributions by employer	**155,000**	165,000
Contributions by employees	**47,000**	52,000
Benefits paid	**(18,000)**	(21,000)
Acturial gains and (losses)	**251,000**	(37,000)
Closing fair value of scheme assets	**2,011,000**	1,515,000

22. Operating lease commitments

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£	£
Amounts payable:		
Within 1 year	**29,624**	17,682
Between 1 and 5 years	**38,661**	10,480
Total	**68,285**	28,162

23. Related party transactions

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

24. Members' liability

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

25. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.