

**Chellaston Academy**

Trustees Report and Financial Statements

For the year ended 31 August 2017

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**Chellaston Academy**  
(A company limited by guarantee)

**Reference and Administrative Details**  
For the year ended 31 August 2017

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**Trustees and Members** K Gaiderman  
A Dawson (resigned 14 September 2016)  
A Johnson, Chair of Trustees (resigned 31 December 2016)  
N Hollis (appointed 14 September 2016)  
G Golding, Chair of Trustees (appointed 1 January 2017, resigned 17 July 2017)  
A Roe, Chair of Trustees (appointed 17 July 2017)

**Governors** S Archer  
D Brown (resigned 13 December 2016)<sup>1</sup>  
S Ellis, Staff Governor<sup>1</sup>  
G Golding, Vice Chair of Governors (resigned 17 July 2017)<sup>1</sup>  
N Hollis, Chair of Governors<sup>1</sup>  
A Tillyard, Responsible Officer (resigned 12 December 2016)  
K Devendra (resigned 11 February 2017)<sup>1</sup>  
K Gaiderman, Headteacher and Accounting Officer<sup>1</sup>  
A Roe (resigned 17 July 2017)  
L Cooper (on sabbatical 1 February 2017, to 31 January 2018)  
F Kupferberg, Staff Governor (appointed 13 October 2016)  
T Barker, Staff Governor (appointed 13 October 2016)  
M Lewis (appointed 3 April 2017)  
G Blair (appointed 3 April 2017)  
M Orlovsky (appointed 3 April 2017)

<sup>1</sup> 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 (resigned 29 June 2017)

**Headteacher** K J Gaiderman

**Senior management team** K Gaiderman, Headteacher  
S Ellis, Deputy Headteacher  
J Rumsey, Deputy Headteacher  
P Clarke, Assistant Headteacher  
J Shillingford, Assistant Headteacher  
S Nelson, Assistant Headteacher  
R Bamba, Assistant Headteacher  
A Holdgate, Assistant Headteacher  
E Moore, Assistant Headteacher  
T Stavri, Assistant Headteacher

**Chellaston Academy**  
**(A company limited by guarantee)**

**Reference and Administrative Details of the Academy Trust, its Trustees and Advisers**  
**For the year ended 31 August 2017**

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**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

**Trustees' Report**  
**For the year ended 31 August 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the Charitable Company for the year 1 September 2016 to 31 August 2017. 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 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 page 1.

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 4 meetings during the year 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 2017 the Leadership and Management Committee and the Standards Committee will be amalgamated into the Standards, Leadership and Management Committee. For the year commencing 1 September 2017 the Governing Body will hold 4 meetings in the academic year with 6 Finance and General Purposes Committee meetings, 1 Budget meeting and 4 Standards, Leadership and Management Committee meetings. There will be 2 Trustees Meetings in the academic year.

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 for the current accounting period. For the year beginning 1 September 2017 Governors will be linked to AIP objectives.

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 2 Deputy Headteachers and 7 Assistant Headteachers in the year to 31 August 2017. The Headteacher is the Accounting Officer for the Academy. For the year beginning 1 September 2017 the Leadership Team has changed to 2 Deputy Headteachers and 8 Assistant Headteachers.

The Company Secretary was 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. Pay policy for 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 Secondary Strategic Group chaired by our Headteacher, 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.

The Academy Headteacher is also a member of the Opportunity Area Strategic Board allocating bids within the £6 million Opportunity Area fund.



## **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 5 Aims on which the development plan and associated spending decisions are based. These are:

1. To continue to raise standards of achievement within the Academy, reducing the in-Academy gaps and variation in subject, ensuring that pupils make substantial and sustained progress.
2. To sustain and enhance the school's culture and ethos for learning, which results in typically good or better teaching, much of which is outstanding.
3. To ensure that pupils become well-rounded citizens, value their education and have excellent attitudes to learning, which has a positive impact on their progress.
4. To ensure that leadership at all levels is highly effective and upholds the whole school values of learning, excellence and integrity.
5. To promote stakeholder partnerships through work with primary feeder schools; our Teaching School; and the Derby City Opportunity Area.

### **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; -0.06 compared to -0.03 national for progress (PP students at Chellaston vs all 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 classes.

## **Strategic report**

### **Achievements and performance**

#### **a. Key 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 has recently completed major new build mainly funded by the ESFA Capital Bid Programme costing £4.053 million. This has replaced the inadequate temporary Maths Block and will contribute greatly to the atmosphere and quality of Maths and English provision in the Academy. Phase 1 was brought into use at the start of the 2016/17 academic year and phase 2 has been brought into use at the start of the 2017/18 academic year.

The Academy has upgraded 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.

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 and up to 0.37 in 2017. 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. ALPS Level 4 has been maintained with a true progress measure in the DFE dashboard for 6th Form.

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 Board of Trustees has a reasonable expectation that the Academy Trust 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 2017 of £17,622,948 consisting of £17,088,895 restricted funds and £534,053 unrestricted funds. Included in the restricted fund is an amount of £18,652,255 invested in fixed assets and a pension reserve deficit of £1,930,000.

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 provision of conference facilities and 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**

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

#### **e. Principal funding**

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 2017 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 2017 the net book value of fixed assets was £725,057 (excluding freehold property) and movements in tangible fixed assets are shown in note 13 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 decreased to £1,930,000 for the current shortfall in payments required to fund non academic staff's final salary pension schemes (In accordance with FRS 102).

### **Plans for future periods**

The Academy has upgraded 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.

An in-year deficit revenue budget has been set for the year beginning 1 September 2017 due to reductions in funding and increases to the staffing of middle and senior leadership to "future proof" the Academy. This revenue deficit is fully funded by the Academy's established reserves.

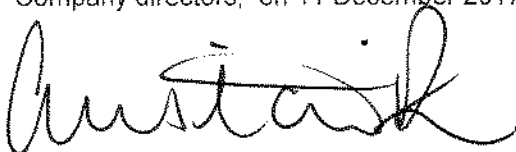
We will instigate a medium term development plan for the expansion of the Academy. The Academy is currently in initial discussions with three local primary schools, the RSC and the DfE to form a Multi Academy Trust during the year ending 31 August 2018.

### **Disclosure of information to auditors**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the Company directors, on 11 December 2017 and signed on its behalf by:



**A Roe**  
**Chair of Trustees**

## **Governance Statement**

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### **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 Board of Governors 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 Board of Governors any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Governors has formally met 4 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
S Archer	3	4
D Brown (resigned 13 December 2016)	0	1
S Ellis, Staff Governor	4	4
G Golding, Vice Chair of Governors (resigned 17 July 2017)	3	4
N Hollis, Chair of Governors	4	4
A Tillyard, Responsible Officer (resigned 12 December 2016)	0	1
K Devendra (resigned 11 February 2017)	2	2
K Gaiderman, Headteacher and Accounting Officer	4	4
A Roe (resigned 17 July 2017)	3	4
L Cooper (on sabbatical 1 February 2017 to 31 January 2018)	2	2
F Kupferberg, Staff Governor (appointed 13 October 2016)	1	4
T Barker, Staff Governor (appointed 13 October 2016)	4	4
M Lewis (appointed 13 April 2017)	1	2
G Blair (appointed 13 April 2017)	2	2
M Orlovsky (appointed 13 April 2017)	1	2

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 2017 to 2018.

**Governance Statement (continued)**

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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	6	6
D Brown (resigned 13 December 2016)	1	2
G Golding, Vice Chairman and Acting Chairman from 27 March 2017 (resigned 17 July 2017)	5	6
K Devandra, Chairman from 10 October 2016 (resigned 11 February 2017)	2	3
N Hollis, Chair of Governors	6	6
S Ellis, Staff Governor	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 Board of Governors 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.

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.
- to reduce the in-year deficit where possible as the year progresses.

**Governance Statement (continued)**

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**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 2016 to 31 August 2017 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 Academy Trust 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 Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Governors 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 LLP, the external auditors, to perform additional checks.

The auditors' 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.



**Governance Statement (continued)**

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On a semi-annual basis, the auditors report to the Board of Governors through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

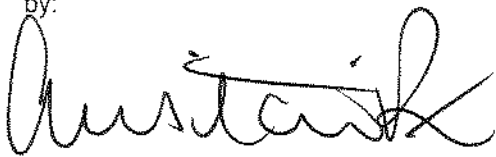
**Review of Effectiveness**

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:

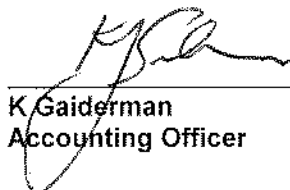
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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 Board of Governors on 11 December 2017 and signed on their behalf, by:



**A Roe**  
**Chair of Trustees**



**K Gaiderman**  
**Accounting Officer**

**Chellaston Academy**  
**(A company limited by guarantee)**

**Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of Chellaston Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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

  
\_\_\_\_\_  
**K Gaiderman**  
**Accounting Officer**

Date: 11 December 2017

**Statement of Trustees' Responsibilities**  
**For the year ended 31 August 2017**

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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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

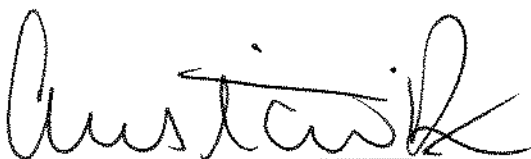
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Governors on 11 December 2017 and signed on its behalf by:



**A Roe**  
**Chair of Trustees**

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

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**Opinion**

We have audited the financial statements of Chellaston Academy for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

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### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

### **Matters on which we are required to report by exception**

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

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

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

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

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**Responsibilities of Trustees**

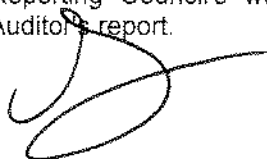
As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of Company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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



Lisa Richards FCCA (Senior statutory auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor Chartered Accountants

Charlotte House, Derby  
11 December 2017

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

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In accordance with the terms of our engagement letter dated 29 September 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chellaston Academy 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 Chellaston Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**Chellaston Academy**  
(A company limited by guarantee)

**Independent Reporting Accountants' Assurance Report on Regularity to Chellaston Academy and the Education and Skills Funding Agency (continued)**

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**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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, consisting of a large, stylized 'D' with a horizontal line extending to the right.

**Dains LLP**

Statutory Auditor Chartered Accountants  
Charlotte House, Derby

11 December 2017



**Chellaston Academy**  
(A company limited by guarantee)

**Statement of Financial Activities incorporating Income and Expenditure Account**  
**For the year ended 31 August 2017**

		Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
	Note					
<b>Income from:</b>						
Donations and capital grants	2	14,953	-	1,185,111	1,200,064	2,727,126
Charitable activities:	3					
Funding for the Academy						
Trust's educational operations		182,096	7,677,132	-	7,859,228	7,963,878
Other trading activities	4	440,050	-	-	440,050	464,416
Investments	5	2,324	-	-	2,324	4,755
<b>Total</b>		<b>639,423</b>	<b>7,677,132</b>	<b>1,185,111</b>	<b>9,501,666</b>	<b>11,160,175</b>
<b>Expenditure on:</b>						
Raising funds		415,536	174	-	415,710	434,309
Charitable activities:						
Academy Trust educational operations		180,945	7,951,046	735,984	8,867,975	8,351,862
<b>Total expenditure</b>	6	<b>596,481</b>	<b>7,951,220</b>	<b>735,984</b>	<b>9,283,685</b>	<b>8,786,171</b>
<b>Net income / (expenditure) before transfers</b>		<b>42,942</b>	<b>(274,088)</b>	<b>449,127</b>	<b>217,981</b>	<b>2,374,004</b>
Transfers between Funds	19	-	(284,323)	284,323	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>42,942</b>	<b>(558,411)</b>	<b>733,450</b>	<b>217,981</b>	<b>2,374,004</b>
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	24	-	1,009,000	-	1,009,000	(942,000)
<b>Net movement in funds</b>		<b>42,942</b>	<b>450,589</b>	<b>733,450</b>	<b>1,226,981</b>	<b>1,432,004</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		491,111	(2,013,949)	17,918,805	16,395,967	14,963,963
<b>Total funds carried forward</b>		<b>534,053</b>	<b>(1,563,360)</b>	<b>18,652,255</b>	<b>17,622,948</b>	<b>16,395,967</b>

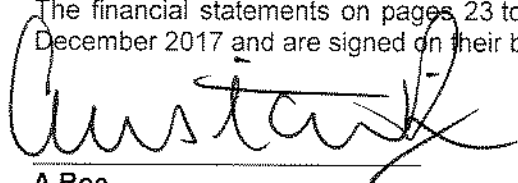
The notes on pages 26 to 47 form part of these financial statements.

**Chellaston Academy**  
**(A company limited by guarantee)**  
**Registered number: 07430289**

**Balance Sheet**  
**As at 31 August 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	13		<b>18,652,255</b>		17,918,805
<b>Current assets</b>					
Stocks	14	<b>1,628</b>		3,692	
Debtors	15	<b>422,475</b>		215,206	
Cash at bank and in hand		<b>1,087,672</b>		1,767,179	
			<b>1,511,775</b>	1,986,077	
<b>Creditors:</b> amounts falling due within one year	16	<b>(611,082)</b>		(806,915)	
<b>Net current assets</b>			<b>900,693</b>		1,179,162
<b>Total assets less current liabilities</b>			<b>19,552,948</b>		19,097,967
Defined benefit pension scheme liability	24		<b>(1,930,000)</b>		(2,702,000)
<b>Net assets including pension scheme liabilities</b>			<b>17,622,948</b>		16,395,967
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	19	<b>366,640</b>		688,051	
Restricted fixed asset funds	19	<b>18,652,255</b>		17,918,805	
Restricted income funds excluding pension liability		<b>19,018,895</b>		18,606,856	
Pension reserve		<b>(1,930,000)</b>		(2,702,000)	
Total restricted income funds			<b>17,088,895</b>		15,904,856
Unrestricted income funds	19		<b>534,053</b>		491,111
<b>Total funds</b>			<b>17,622,948</b>		16,395,967

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue, on 11 December 2017 and are signed on their behalf, by:



**A Roe**  
**Chair of Trustees**

The notes on pages 26 to 47 form part of these financial statements.

**Chellaston Academy**  
**(A company limited by guarantee)**

**Statement of Cash Flows**  
**For the year ended 31 August 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	<b>(419,008)</b>	23,672
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		2,324	4,755
Purchase of tangible fixed assets		<b>(1,469,434)</b>	(2,828,944)
Capital grants from DfE/ESFA		<b>1,206,611</b>	2,716,459
<b>Net cash used in investing activities</b>		<b>(260,499)</b>	(107,730)
<b>Change in cash and cash equivalents in the year</b>		<b>(679,507)</b>	(84,058)
Cash and cash equivalents brought forward		<b>1,767,179</b>	1,851,237
<b>Cash and cash equivalents carried forward</b>	22	<b>1,087,672</b>	1,767,179

The notes on pages 26 to 47 form part of these financial statements.

## **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 2016 to 2017 issued by ESFA, 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 Academy Trust 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.

**Notes to the Financial Statements**  
**For the year ended 31 August 2017**

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**1. Accounting Policies (continued)**

**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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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.

**1.4 Expenditure**

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

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

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

All expenditure is inclusive of irrecoverable VAT.

**1. Accounting Policies (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £2,000 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 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. 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 over its expected useful life, as follows:

Freehold property	-	2%
Building refurbishments	-	10%
Motor vehicles	-	25%
Fixtures, fittings and equipment	-	20%
Computer equipment	-	33.3%

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 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.

**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. Accounting Policies (continued)**

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.9 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

*Cash at bank* - is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.10 Stocks**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**1.11 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust 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 24, 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 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.

**1.13 Fund accounting**

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



Notes to the Financial Statements  
For the year ended 31 August 2017

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 07 September 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	14,953	-	14,953	10,667
Capital Grants	-	1,185,111	1,185,111	2,716,459
	<u>14,953</u>	<u>1,185,111</u>	<u>1,200,064</u>	<u>2,727,126</u>
<i>Total 2016</i>	<u>10,667</u>	<u>2,716,459</u>	<u>2,727,126</u>	

Notes to the Financial Statements  
For the year ended 31 August 2017

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	7,134,867	7,134,867	7,062,737
Educational Services Grant (ESG)	-	128,975	128,975	161,107
Pupil premium	-	192,226	192,226	191,379
Year 7 catch up grant	-	12,321	12,321	12,500
	-	7,468,389	7,468,389	7,427,723
<b>Other government grants</b>				
Local authority and government grants	-	122,729	122,729	111,832
	-	122,729	122,729	111,832
<b>Other funding</b>				
School fund	182,096	-	182,096	356,176
Staff related income	-	23,258	23,258	14,154
Department income	-	28,504	28,504	22,849
Educational visits	-	4,186	4,186	7,720
Other income	-	30,066	30,066	23,424
	182,096	86,014	268,110	424,323
	182,096	7,677,132	7,859,228	7,963,878
<i>Total 2016</i>	356,176	7,607,702	7,963,878	

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Hire of facilities	34,155	-	34,155	36,665
Catering income	405,895	-	405,895	427,751
	440,050	-	440,050	464,416
<i>Total 2016</i>	464,234	182	464,416	

Notes to the Financial Statements  
For the year ended 31 August 2017

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	2,324	-	2,324	4,755
<i>Total 2016</i>	4,755	-	4,755	

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	As restated Total 2016 £
Expenditure on raising funds	9,815	-	405,895	415,710	434,309
Academy Trust's educational operations:					
Direct costs	5,975,861	554,163	871,665	7,401,689	7,111,283
Allocated support costs	685,043	-	781,243	1,466,286	1,240,579
	6,670,719	554,163	2,058,803	9,283,685	8,786,171
<i>Total 2016</i>	6,301,742	441,004	2,043,425	8,786,171	

7. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	7,401,689	1,466,286	8,867,975	8,351,862
<i>Total 2016</i>	7,111,283	1,240,579	8,351,862	

Notes to the Financial Statements  
For the year ended 31 August 2017

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations £	Total 2017 £	Total 2016 £
Staff costs	685,043	685,043	656,899
Subscriptions	14,054	14,054	16,676
Loss on disposal of fixed assets	181,821	181,821	-
Staff development	405	405	879
Technology costs	31,747	31,747	11,011
Printing, postage, stationery and telephone	18,610	18,610	20,086
Maintenance of premises	159,295	159,295	189,947
Equipment costs	3,132	3,132	4,952
Catering costs	18,111	18,111	17,079
Security costs	56,433	56,433	35,324
Rates	40,463	40,463	39,836
Water rates	21,452	21,452	24,479
Energy	114,343	114,343	116,681
Insurance	35,155	35,155	44,606
Governance costs	47,160	47,160	22,429
Bank charges	1,708	1,708	1,756
Other support costs	27,042	27,042	26,461
Cleaning	10,312	10,312	11,478
	<u>1,466,286</u>	<u>1,466,286</u>	<u>1,240,579</u>
At 31 August 2016	<u>1,240,579</u>	<u>1,240,579</u>	

8. Expenditure - Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Fixed asset losses	181,821	181,821	Demolition of old maths block in preparation for the new maths block.

Notes to the Financial Statements  
For the year ended 31 August 2017

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9. Net income/(expenditure)

Net income/(expenditure) for the period includes:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	554,163	441,004
Auditors' remuneration - audit	6,500	5,750
Auditors' remuneration - other services	775	775
(Gain)/loss on disposal of fixed assets	181,821	-
Operating lease rentals	31,747	22,167

**Notes to the Financial Statements**  
**For the year ended 31 August 2017**

**10. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,139,481	5,008,531
Social security costs	490,439	401,165
Operating costs of defined benefit pension schemes	1,024,625	885,546
	<u>6,654,545</u>	<u>6,295,242</u>
Apprenticeship levy	4,317	-
Staff restructuring costs	11,857	6,500
	<u>6,670,719</u>	<u>6,301,742</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £11,857 (2016 - £6,500), which were paid to a member of teaching staff in the year as compensation for loss of office.

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

	2017 No.	2016 No.
Teachers	114	127
Support	81	85
Management	10	10
	<u>205</u>	<u>222</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	97	100
Support	56	57
Management	10	10
	<u>163</u>	<u>167</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

Notes to the Financial Statements  
For the year ended 31 August 2017

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**10. Staff costs (continued)**

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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £761,340 (2016 - £669,073).

**11. 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:

		2017 £	2016 £
Kevin Gaiderman, Headteacher and Accounting Officer	Remuneration	100,000-105,000	90,000-95,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL)

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

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

Notes to the Financial Statements  
For the year ended 31 August 2017

13. Tangible fixed assets

	Freehold land and buildings £	Building refurbishment £	Motor vehicles £	Fixtures and fittings £
<b>Cost</b>				
At 1 September 2016	16,243,795	727,649	72,585	166,423
Additions	-	196,310	-	53,411
Disposals	(205,448)	-	-	-
Transfer between classes	3,947,423	-	-	-
At 31 August 2017	19,985,770	923,959	72,585	219,834
<b>Depreciation</b>				
At 1 September 2016	1,706,992	274,633	53,472	142,883
Charge for the year	375,207	92,396	6,370	21,156
On disposals	(23,627)	-	-	-
At 31 August 2017	2,058,572	367,029	59,842	164,039
<b>Net book value</b>				
At 31 August 2017	17,927,198	556,930	12,743	55,795
At 31 August 2016	14,536,803	453,016	19,113	23,540
		<b>Computer equipment £</b>	<b>Assets under construction £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2016		246,170	2,849,368	20,305,990
Additions		121,658	1,098,055	1,469,434
Disposals		-	-	(205,448)
Transfer between classes		-	(3,947,423)	-
At 31 August 2017		367,828	-	21,569,976
<b>Depreciation</b>				
At 1 September 2016		209,205	-	2,387,185
Charge for the year		59,034	-	554,163
On disposals		-	-	(23,627)
At 31 August 2017		268,239	-	2,917,721
<b>Net book value</b>				
At 31 August 2017		99,589	-	18,652,255
At 31 August 2016		36,965	2,849,368	17,918,805

Included in land and buildings is land of £1,225,400 (2016 - £1,225,400) which is not depreciated.



Notes to the Financial Statements  
For the year ended 31 August 2017

14. Stocks

	2017 £	2016 £
Goods for resale	1,628	3,692

15. Debtors

	2017 £	2016 £
Trade debtors	8,006	7,973
VAT recoverable	32,977	77,266
Prepayments and accrued income	381,492	129,967
	422,475	215,206

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	257,259	554,509
Taxation and social security	120,301	118,086
Other creditors	20,510	17,441
Accruals and deferred income	213,012	116,879
	611,082	806,915

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	61,346	476,497
Resources deferred during the year	54,412	61,346
Amounts released from previous years	(61,346)	(476,497)
Deferred income at 31 August 2017	54,412	61,346

At the balance sheet date the Academy Trust was holding funds received in advance for rates relief, capital grants and PE kit income relating to the year beginning September 2017.

17. Prior year adjustment

In previous years, the catering income and expenditure was not included within the financial statements as the service was outsourced to a third party. However, as the Academy Trust has to provide catering services to its students, this income and expenditure should have been reflected within the financial statements and as such a non-profit adjusting restatement has been made.

**Notes to the Financial Statements**  
**For the year ended 31 August 2017**

**18. Financial instruments**

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	1,087,672	1,767,179
Financial assets measured at amortised cost	276,237	49,138
	<u>1,363,909</u>	<u>1,816,317</u>
Financial liabilities measured at amortised cost	<u>436,368</u>	<u>627,483</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

**19. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	491,111	639,423	(596,481)	-	-	534,053
<b>Restricted funds</b>						
General Annual Grant (GAG)	429,997	7,263,842	(7,376,685)	(217,867)	-	99,287
Other DfE/ESFA grants	72,324	204,547	(153,783)	(66,456)	-	56,632
Other government grants	45,601	122,729	(121,472)	-	-	46,858
Other income	140,129	86,014	(62,280)	-	-	163,863
Pension reserve	(2,702,000)	-	(237,000)	-	1,009,000	(1,930,000)
	<u>(2,013,949)</u>	<u>7,677,132</u>	<u>(7,951,220)</u>	<u>(284,323)</u>	<u>1,009,000</u>	<u>(1,563,360)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	4,165,957	1,185,111	(278,981)	284,323	-	5,356,410
LA capital grants	336,927	-	(3,799)	-	-	333,128
Gift from local authority	13,415,921	-	(453,204)	-	-	12,962,717
	<u>17,918,805</u>	<u>1,185,111</u>	<u>(735,984)</u>	<u>284,323</u>	<u>-</u>	<u>18,652,255</u>
Total restricted funds	<u>15,904,856</u>	<u>8,862,243</u>	<u>(8,687,204)</u>	<u>-</u>	<u>1,009,000</u>	<u>17,088,895</u>
Total of funds	<u>16,395,967</u>	<u>9,501,666</u>	<u>(9,283,685)</u>	<u>-</u>	<u>1,009,000</u>	<u>17,622,948</u>

**Notes to the Financial Statements**  
**For the year ended 31 August 2017**

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

**Statement of funds - prior year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	441,035	835,832	(785,756)	-	-	491,111
	<u>441,035</u>	<u>835,832</u>	<u>(785,756)</u>	<u>-</u>	<u>-</u>	<u>491,111</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	358,574	7,223,844	(7,059,720)	(92,701)	-	429,997
Other DfE/ESFA 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
Pension reserve	(1,623,000)	-	(137,000)	-	(942,000)	(2,702,000)
	<u>(1,016,521)</u>	<u>7,607,884</u>	<u>(7,559,411)</u>	<u>(103,901)</u>	<u>(942,000)</u>	<u>(2,013,949)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA 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
	<u>15,539,449</u>	<u>2,716,459</u>	<u>(441,004)</u>	<u>103,901</u>	<u>-</u>	<u>17,918,805</u>
Total restricted funds	<u>14,522,928</u>	<u>10,324,343</u>	<u>(8,000,415)</u>	<u>-</u>	<u>(942,000)</u>	<u>15,904,856</u>
Total of funds	<u>14,963,963</u>	<u>11,160,175</u>	<u>(8,786,171)</u>	<u>-</u>	<u>(942,000)</u>	<u>16,395,967</u>

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 by the Academy Trust's operational activities and development.

**Pension reserve**

The pension reserve included within restricted general funds represents the Academy Trust'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 ESFA, as well as transfers from GAG, to carry out works of a capital nature.

Notes to the Financial Statements  
For the year ended 31 August 2017

20. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	18,652,255	18,652,255
Current assets	626,433	699,088	186,254	1,511,775
Creditors due within one year	(92,380)	(332,448)	(186,254)	(611,082)
Pension scheme liability	-	(1,930,000)	-	(1,930,000)
	<u>534,053</u>	<u>(1,563,360)</u>	<u>18,652,255</u>	<u>17,622,948</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	17,918,805	17,918,805
Current assets	765,517	1,199,732	20,828	1,986,077
Creditors due within one year	(274,406)	(511,681)	(20,828)	(806,915)
Pension scheme liability	-	(2,702,000)	-	(2,702,000)
	<u>491,111</u>	<u>(2,013,949)</u>	<u>17,918,805</u>	<u>16,395,967</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	217,981	2,374,004
<b>Adjustment for:</b>		
Depreciation charges	554,163	441,004
Dividends, interest and rents from investments	(2,324)	(4,755)
Loss on the sale of fixed assets	181,821	-
Decrease/(increase) in stocks	2,064	(205)
Increase in debtors	(207,269)	(80,156)
Decrease in creditors	(195,833)	(126,761)
Capital grants from DfE and other capital income	(1,206,611)	(2,716,459)
Defined benefit pension scheme finance cost	237,000	137,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(419,008)</u>	<u>23,672</u>

**Notes to the Financial Statements**  
**For the year ended 31 August 2017**

**22. Analysis of cash and cash equivalents**

	2017 £	2016 £
Cash in hand	1,087,672	1,767,179
Total	<u>1,087,672</u>	<u>1,767,179</u>

**23. Capital commitments**

At 31 August 2017 the Academy Trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>1,150,632</u>

**24. Pension commitments**

The Academy Trust'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 07 September 2017.

Contributions amounting to £20,485 were payable to the schemes at 31 August 2017 (2016 - £17,410) 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**

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:

**24. Pension commitments (continued)**

- 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 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 £665,924 (2016 - £655,903).

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

Under the definitions set out in FRS 102, the TPS is 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 2017 was £225,000 (2016 - £202,000), of which employer's contributions totalled £172,000 (2016 - £155,000) and employees' contributions totalled £53,000 (2016 - £47,000). 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.90 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

Notes to the Financial Statements  
For the year ended 31 August 2017

24. 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:

	2017	2016
Retiring today		
Males	21.9	22.0
Females	24.4	24.2
Retiring in 20 years		
Males	23.9	24.1
Females	26.5	26.6

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate -0.5%	560,000	651,000
Salary increase rate +0.5%	129,000	275,000
Pension increase rate +0.5%	419,000	354,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,678,240	1,367,000
Gilts	468,920	422,000
Corporate bonds	172,760	121,000
Property	148,080	101,000
Total market value of assets	<u>2,468,000</u>	<u>2,011,000</u>

The actual return on scheme assets was £249,000 (2016 - £312,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(350,000)	(229,000)
Interest income	44,000	61,000
Interest cost	(103,000)	(124,000)
Total	<u>(409,000)</u>	<u>(292,000)</u>

**24. Pension commitments (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	4,713,000	3,138,000
Current service cost	350,000	229,000
Interest cost	103,000	124,000
Employee contributions	53,000	47,000
Actuarial (gains)/losses	(804,000)	1,193,000
Benefits paid	(17,000)	(18,000)
	<u>4,398,000</u>	<u>4,713,000</u>
Closing defined benefit obligation	<u>4,398,000</u>	<u>4,713,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,011,000	1,515,000
Interest income	44,000	61,000
Actuarial gains	205,000	251,000
Employer contributions	172,000	155,000
Employee contributions	53,000	47,000
Benefits paid	(17,000)	(18,000)
	<u>2,468,000</u>	<u>2,011,000</u>
Closing fair value of scheme assets	<u>2,468,000</u>	<u>2,011,000</u>

**25. Operating lease commitments**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	23,462	29,624
Between 1 and 5 years	22,645	38,661
Total	<u>46,107</u>	<u>68,285</u>

**26. 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.



**27. Related party transactions**

Owing to the nature of the Academy Trust'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 Trust's financial regulations and normal procurement procedures.

The Academy Trust made purchases of educational material totalling £5,500 from the Bryanston Square Foundation, a Company in which M Orlovsky is also a director, in the period since he was appointed a Trustee. The transactions were arranged prior to M Orlovsky becoming a Trustee and thus follow the Academy Trust's normal procurement procedures. At the Balance sheet date £Nil was outstanding.