

Chauncy School

Annual Report and Financial Statements

For the period from 5 July 2011
to 31 August 2012

Company Limited by Guarantee
Registration Number
07694228 (England and Wales)

Contents

Reports

| | |
|---|----|
| Reference and administrative information | 1 |
| Trustees' report | 3 |
| Governance statement | 13 |
| Statement of regularity, propriety and compliance | 17 |
| Statement of trustees' responsibilities | 18 |
| Independent auditor's reports | 19 |

Financial statements

| | |
|-----------------------------------|----|
| Statement of financial activities | 22 |
| Balance sheet | 23 |
| Cash flow statement | 24 |
| Principal accounting policies | 25 |
| Notes to the financial statements | 29 |

Reference and administrative information

Trustees Mr Robert Watson (Chair)
Mr Andrew Caisey
Mr Darren Franks
Mr Dennis O'Sullivan
Mr Michael Wathen

Governors Mr Robert Watson (Chair)
Mr Miles Ambler
Mrs Louise Brace
Mrs Libby Bryne-Grey
Mr Andrew Caisey
Mr Darren Franks
Mr Richard Hallman
Mrs Posy Hill-Williams
Mrs Linda Lang
Mrs Rosalind McFiggans
Mr Dennis O'Sullivan
Mr David Thomas
Mr Michael Wathen
Mr Mark Wilkinson

Company Secretary Susan Browning

Senior Leadership Team

| | |
|------------------|-------------------|
| Headteacher | Dennis O'Sullivan |
| Deputy Head | Stephen Walton |
| Deputy Head | Diane Carey |
| Assistant Head | Katharine Lovell |
| Assistant Head | Craig Burnett |
| Business Manager | Lisa Hardwick |

Registered address Park Road
Ware
Hertfordshire
SG12 0DP

Company registration number 07694228 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Reference and administrative information

Bankers

Lloyds TSB
PO Box 112
Canons House
Canons Way
Bristol
BS99 7LB

Trustees' report Period from 5 July 2011 to 31 August 2012

The trustees of Chauncy School ('the Academy') present their statutory report together with the financial statements of the charitable company for the period from the date of incorporation, 5 July 2011, to 31 August 2012.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Company name - Chauncy School

Date of incorporation – 5 July 2011

Registered number - 07694228

The Academy is a company limited by guarantee with no share capital. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by the Secretary of State for Education. The articles of association require that there should be at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

The Academy is an exempt charity for the purposes of the Charities Act 2011. The principal regulator of the Academy is the Department for Education (DfE). The Education Funding Agency (EFA) carries out the role of the principal regulator on behalf of the DfE.

Five of the governors act as the trustees for the charitable activities of Chauncy School and are also the directors of the charitable company for the purposes of company law.

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.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every trustee or other officer of the Academy Trust shall be indemnified out of the assets of the Academy Trust 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 the Academy Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

Chauncy School is an all ability mixed 11-18 Academy with Visual Arts, Maths, Computing and Gifted and Talented Specialist Status. The number admitted at age 11 to Year 7 is 160. Boys and girls will be admitted at age 16+ provided they meet the entry qualifications for their proposed programme of study.

Trustees

The following trustees served throughout the period:

| <i>Governor</i> | <i>Appointed</i> | <i>Resigned</i> |
|-------------------------------|------------------|-----------------|
| Mrs L Bailey, Member Governor | 5 July 2011 | 21 July 2012 |
| Mr A Caisey, Parent Governor | 5 July 2011 | |
| Mr D Franks, Member Governor | 5 July 2011 | |
| Mr D O'Sullivan (Headteacher) | 5 July 2011 | |
| Mr M Wathen, Staff Governor | 5 July 2011 | |
| Mr R Watson, Member Governor | 5 July 2011 | |

Governors

The following governors served throughout the period except where shown.

| <i>Governor</i> | <i>Appointed/Resigned</i> | <i>Appointing body</i> |
|--------------------------------------|----------------------------|------------------------|
| Mr M Ambler, Member Governor | Appointed 26 January 2010 | Chauncy Governing Body |
| Mrs L Bailey, Member Governor | Resigned 21 July 2012 | |
| Mrs L Brace, Member Governor | Appointed 31 January 2011 | Chauncy Governing Body |
| Mrs L Bryne-Grey, Member Governor | Appointed 25 November 2009 | Chauncy Governing Body |
| Mr A Caisey, Parent Governor | Appointed 8 June 2009 | Elected by Parents |
| Mr D Franks, Member Governor | Appointed 23 November 2010 | Chauncy Governing Body |
| Mr R Hallman, Parent Governor | Appointed 11 November 2010 | Elected by Parents |
| Mrs P Hill-Williams, Member Governor | Appointed 30 November 2008 | Chauncy Governing Body |
| Mrs L Lang, Staff Governor | Appointed 8 June 2010 | Elected by Parents |
| Mrs R McFiggans, Staff Governor | Appointed 1 July 2012 | Elected by Parents |
| Mr D O'Sullivan (Headteacher) | Appointed 1 September 2007 | Chauncy Governing Body |
| Mr D Thomas, Member Governor | Appointed 10 December 2011 | Chauncy Governing Body |
| Mr M Wathen, Staff Governor | Appointed 1 March 2012 | Elected by Parents |
| Mr R Watson, Member Governor | Appointed 23 March 2012 | Chauncy Governing Body |
| Mr M Wilkinson, Parent Governor | Appointed 21 March 2010 | Elected by Parents |

In the above table, appointment dates prior to 1 August 2011 relate to the predecessor school.

None of the trustees or governors received any remuneration or reimbursed expenses in respect of their services as a trustee or governor during the period.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees and governors

The governors are identified and chosen by the Board and are proposed to the full board meeting. Candidates are selected based on eligibility, personal competence and professional skills, which can benefit the Academy, as well as local availability. The Board comprises Parent Governors, the Headteacher, Staff Governors, and Member Governors.

Policies and procedures adopted for the induction and training of trustees and governors

New governors are inducted into the workings of the Academy at briefing sessions held with the Chair of Governors and Headteacher. These sessions cover educational and business matters and include a familiarisation tour of the Academy's facilities. Governors are issued with extensive background material together with the statutory guidelines for governors. Governors are encouraged to attend training sessions organised for the education sector.

Organisational structure

The governing body is constituted under the Memorandum and Articles of Association that govern the Academy. The governing body is responsible for ensuring high standards of corporate governance are maintained. The full governing body meets formally six times during the year. Certain aspects of the Academy's business are delegated through the following sub-committees on which the Headteacher, Business Manager and other senior staff also sit, as appropriate:

- ◆ Resources (which meets 6 times per year)
- ◆ Review & Development (which meets 6 times per year)

The terms of reference for each of these sub-committees have been written and accepted by the governing body.

The Headteacher is appointed by the governing body to manage the day-to-day operations of the Academy. In order to facilitate effective operations, the Headteacher has delegated authority within the terms approved by the governors for operational matters within the Academy's Senior Leadership Team.

Connected organisations, including related party relationships

Formerly known as the Hertford and Ware Consortium, the Federation consists of five local schools, Chauncy, Presdales, Richard Hale, Sele, and Simon Balle. Its purpose is to widen the choice of courses open to 16 – 19 students who are in full time attendance at any of the member institutions. Students remain on roll in their home institutions but are expected to conform to the expectations of their host institutions in dress, conduct and study habits. A Federation-wide assessment takes place at the end of the first half term and, both then and subsequently, parents will receive reports in the style of the host institution.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, the 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. For example, in relation to teaching, health and safety, bullying, school trips and visits and in relation to the control of finance.

The main risks and impacts have been assessed as:

- ◆ If Education Funding Agency (EFA) funding is not communicated in a timely fashion and/or is significantly lower than planned for then this could have adverse financial implications for the Academy which would need to be addressed.
- ◆ If the LACSEG (Local Authority Secondary Education Grant) budget decreases as a result of Section 251 calculations by the Authority then this will have an impact on the Academy, as well as on all schools.

The Academy has introduced systems, including operational procedures (e.g. vetting of new staff and visitors, and supervision of school grounds) and internal financial controls in order to minimise risk.

The key controls used by the Academy include:

- ◆ formal agendas for all committee meetings;
- ◆ detailed terms of reference for committees;
- ◆ strategic planning, budgeting and management accounting (including annual budget reports reviewed by the governors which include the review of financial performance against forecasts and other major purchase plans, capital works and expenditure programmes);
- ◆ an established organisational structure and lines of reporting;
- ◆ formal written policies; and
- ◆ clear authorisation and approval levels.

Auditor

In so far as the trustees are aware:

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

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is to advance for the public benefit education in the UK, in particular by establishing, maintaining, managing and developing the Academy, to offer a broad curriculum.

The charitable company has adopted the policies approved by the Secretary of State for Education. The curriculum will comply with the substance of the national curriculum.

Chauncy School is committed to promoting student achievement. Our aims are:

- ◆ to provide inspirational teaching and learning;
- ◆ to welcome students of all abilities, enabling each one to enjoy learning and achieve their very best;
- ◆ to be a learning centre within our community;
- ◆ to enable young people to become confident individuals who live safe healthy and fulfilling lives; and
- ◆ to develop our young people as responsible citizens who make a positive contribution to society.

Public benefit

In setting the Academy's objectives and planning its activities, the trustees and Governing Body have given careful consideration to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

In the first year as an Academy average points scores increased at KS3 and the following were the results for KS4 and 5:

Results 2012

KS4 2012 (2011)

| | | | |
|------------|------|-------|---------------------------|
| % 5 A* - C | 91% | (84%) | (Girls = 94%, Boys = 90%) |
| % 5 A* - G | 97% | (96%) | (Girls = 99%, Boys = 97%) |
| % 1 A* - G | 100% | (99%) | |

| | | |
|-------------|------|--------|
| Average TPS | 492 | (442) |
| Average APS | 42.1 | (41.0) |

| | | |
|---------------------|------|--------|
| Average TPS (Top 8) | 345 | (335) |
| Average APS (Top 8) | 43.0 | (41.8) |

ACHIEVEMENTS AND PERFORMANCE (continued)

Results 2012 (continued)

Including English and Maths

| | | |
|----------------|-----|--|
| % 5 A* - C +EM | *** | 2008 – 54%, 2009 – 54%, 2010 – 64%, 2011 – 60% |
|----------------|-----|--|

2+ GCSEs or equivalent grades at A - C in Science*

| | | |
|-------------|-----|------------|
| % 2+ A* - C | 92% | 2011 - 89% |
|-------------|-----|------------|

The % of students achieving 5+ A* - C grades, capped and uncapped points scores rose in 2012.

***We are contesting GCSE English results and, therefore, any measures relating to this qualification.

KS5 2012 (2011)

| | | | | |
|----------|-----|---------|----------------------|---------------------|
| | | | <i>SCAAT</i> | <i>UCAS</i> |
| % A* - E | 99% | (99.7%) | <i>Average Entry</i> | <i>*210 (215.7)</i> |
| % A* - B | 41% | (44%) | <i>Average TPS</i> | <i>*772 (834)</i> |
| % A* - C | 76% | (75%) | | <i>89.3 (84.3)</i> |
| | | | | <i>315 (325)</i> |

The KS5 Value Added Report 2012 (unvalidated) showed a rise in achievement at A2 Level from 2011, continued high achievement in our vocational subjects and high achievement at AS Level.

Our dedicated team of staff provide a vast range of extracurricular clubs, including:

- ◆ Senior Choir
- ◆ Times Tables Club
- ◆ Early Einsteins
- ◆ Table Tennis Club
- ◆ Street Dance Club
- ◆ Choir, String Group, Wind Band
- ◆ Maths Homework Club
- ◆ Books & Biscuits Club
- ◆ Basketball Club
- ◆ Motion Movie Madness

ACHIEVEMENTS AND PERFORMANCE (continued)

Results 2012 (continued)

- ◆ G&T Dance Club
- ◆ Astronomy Club
- ◆ A Level Mathematics Support Club
- ◆ Basketball Club
- ◆ Rugby Club

Numerous trips and activities are arranged to support the curriculum and to enhance pupils' lives. We regularly have trips abroad, including French Exchange, Ski Trip, Battlefields, and in 2011-2012 arranged well over 50 trips.

Chauncy offer students from year 9 onwards the opportunity to take part in the Duke of Edinburgh Award scheme. It is open to all students of all ability. Students start with the Bronze award and they can work all the way up to the Gold. Ten students are currently working on gold and have already completed their expedition. Fifteen students are working on silver and we have a further one hundred working on bronze.

Going Concern

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

Key financial performance indicators

The Academy's aim for the period to 31 August 2012 was to maintain the current level of educational provision, whilst maintaining an operating surplus. The aim was to build an 8 room classroom and for surplus balances to accrue to point where the Academy could proceed with its next long term plan of building a 10 room classroom to replace mobiles whilst not jeopardising medium term financial stability.

Benchmarking financial data against other similar establishments has been valuable to ensure monitoring specific areas of expenditure. The data is reviewed by the Resources Committee enabling cost analysis and budget decisions. Management monitoring reports are provided monthly to the Chair of Finance and Headteacher, and taken to the Resource Committee meetings during the year.

Financial Management & Governance Evaluation has been carried out to conform to the current requirements.

FINANCIAL REVIEW

Financial report for the year

Excluding the funds received on conversion to Academy status, the majority of the Academy funding was provided by the Education Funding Agency (EFA). The Academy's total incoming resources for the period ended 31 August 2012 amounted to £14,859,059 of which £8,330,787 related to funds received on conversion, £5,862,847 related to the EFA revenue grants and £34,140 for capital grants. In addition the Academy has received other grants of £119,246. The Academy held fund balances of £8,664,395 at 31 August 2012 which includes unrestricted funds of £561,088.

The results for the year are shown on page 22.

Principal risks and uncertainties

Cut in Funding

If the LACSEG (Local Authority Secondary Education Grant) budget decreases as a result of Section 251 calculations by the Authority then this will have an impact on the Academy, as well as on all schools. If Education Funding Agency (EFA) funding is not communicated in a timely fashion and/or is significantly lower than planned for then this could have adverse financial implications for the Academy which would need to be addressed.

Reduction in Pupil Numbers

If pupil numbers decrease this will have a direct effect on funding. Consideration needs to be given to the known birth rate of school intake years. Chauncy has year on year increased the pupil numbers, and it is planned to increase the student population at KS5 and plan for a future intake of 165.

The risk and control framework

The Academy's system of internal 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 reporting which are reviewed by the trustees; and
- ◆ regular reviews by the Resource Committee of reports providing details of financial performance against budgets and forecasts and of major purchasing plans, capital works and expenditure programmes.

Reserves policy

The trustees have reviewed the reserves of the Academy. This review takes into account the School Development plan and planning for future expenditure and income. A significant contingency will be reserved to allow for possible reduced funding in the near future. The trustees will keep the level of reserves under review.

FINANCIAL REVIEW (continued)

Investment policy

Investments must be made only in accordance with written procedures approved by the governing body except for deposits to interest bearing savings accounts.

FUTURE ACTIVITIES AND PLANS

Our plans in line with the School Development Plan are to:

- ◆ Raise student achievement and in particular improve school examination results;
- ◆ Improve the quality of teaching;
- ◆ Improve the quality of written communication across the curriculum;
- ◆ Develop 'Chauncy Achieving Well' strategy to maintain high levels of attendance and behaviour;
- ◆ Develop the process of self-evaluation in line with DfE expectations;
- ◆ Increase the student population at KS5 and plan for future intake of 165;
- ◆ Continue to ensure the future financial stability of the Academy in the light of new funding arrangements;
- ◆ Develop further links with local primary schools to promote financial stability across local schools and improve student achievement;
- ◆ Promote achievement and through the further enhancement of school facilities;
- ◆ Promote high professional standards and leadership capacity among staff, leading to sustained improvement through staff development;
- ◆ Improve learning opportunities for gifted and talented students;
- ◆ Ensure that safeguarding procedures are rigorous and reviewed regularly;
- ◆ Ensure students stay safe;
- ◆ Ensure that statutory requirements for RE, PSHE, Citizenship and SMSC are met, including focus on healthy eating;
- ◆ Ensure that statutory requirement for equal opportunities are met;
- ◆ Develop skills that will contribute to students future economic well being;
- ◆ Ensure students make a positive contribution to the Academy and the wider community and the Academy promotes community cohesion;
- ◆ Improve links between the Academy, parents and the local community through the development of the school website, Learning Environment and Virtual Learning Platform; and
- ◆ Review Primary School Enrichment Activities as part of our commitment to the Ware and Villages Extended Schools Consortium.

Trustees' report Period from 5 July 2011 to 31 August 2012

FUTURE ACTIVITIES AND PLANS (continued)

A new eight classroom block was successfully completed during the financial year 2011 - 2012 and handed over in October 2012. It is planned to replace the existing mobile classrooms and old training kitchen with a new 10 classroom block.

Approved by order of the trustees on 29 November 2012 and signed on their behalf by:

Robert Watson
Chair of trustees

Signed: 11 December 2012

Governance statement Period from 5 July 2011 to 31 August 2012

Scope of responsibility

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

The trustees and governing body have 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 the Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the trustees and governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

| <i>Governor</i> | <i>Number of meetings attended</i> | <i>Out of a possible</i> |
|--------------------------------------|------------------------------------|--------------------------|
| Mr M Ambler, Member Governor | 4 | 6 |
| Mrs L Bailey, Member Governor | 6 | 6 |
| Mrs L Brace, Member Governor | 5 | 6 |
| Mrs L Bryne-Grey, Member Governor | 5 | 6 |
| Mr A Caisey, Parent Governor | 5 | 6 |
| Mr D Franks, Member Governor | 4 | 6 |
| Mr R Hallman, Parent Governor | 6 | 6 |
| Mrs P Hill-Williams, Member Governor | 4 | 6 |
| Mrs L Lang, Staff Governor | 5 | 6 |
| Mrs R McFiggans, Staff Governor | 6 | 6 |
| Mr D O'Sullivan (Headteacher) | 6 | 6 |
| Mr D Thomas, Member Governor | 6 | 6 |
| Mr M Wathen, Staff Governor | 5 | 6 |
| Mr R Watson, Member Governor | 6 | 6 |
| Mr M Wilkinson, Parent Governor | 5 | 6 |

Governance statement Period from 5 July 2011 to 31 August 2012

Governance (continued)

Key changes in the composition of the governing body:

Mrs Lucy Bailey, Deputy Chair resigned in July 2012. Mr Dave Thomas, Chair of the Resource Committee was elected Deputy Chair at the September 2012 full governing body meeting.

The Resources Committee is a sub-committee of the main governing body. Its purpose is to review the financial situation and factor in site and premises requirements in the year.

Attendance at meetings in the year was as follows:

| <i>Governor</i> | <i>Number of meetings attended</i> | <i>Out of a possible</i> |
|---------------------------------|------------------------------------|--------------------------|
| Mr A Caisey, Parent Governor | 5 | 6 |
| Mr D Franks, Member Governor | 5 | 6 |
| Mrs L Lang, Staff Governor | 5 | 6 |
| Mr D O'Sullivan (Headteacher) | 6 | 6 |
| Mr D Thomas, Member Governor | 6 | 6 |
| Mr M Wathen, Staff Governor | 5 | 6 |
| Mr R Watson, Member Governor | 4 | 6 |
| Mr M Wilkinson, Parent Governor | 4 | 6 |

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 the Academy's 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 at the Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The trustees and governing body have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees and governing body are of the view that there is an ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees and governing body.

Governance statement Period from 5 July 2011 to 31 August 2012

Governance (continued)

The risk and control framework

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

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

The trustees and governing body have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. Two Responsible Officer visits were carried out during the year. The Academy is looking into subscribing to a service provided by the Local Authority, and this will be followed up to ensure regular visits. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO will report to the governors on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. The external auditors undertook a review of key controls and reported on the operation of these in November 2012. The findings from the visit resulted in some recommendations being made but none which were deemed to be significant.

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 Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

Governance statement Period from 5 July 2011 to 31 August 2012

Governance (continued)

Review of effectiveness (continued)

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

Approved by order of the trustees and signed on their behalf by:

Robert Watson
(Chair of trustees)

Dennis O'Sullivan
(Headteacher and Accounting Officer)

Approved on: 29 November 2012

Signed on: 11 December 2012

Statement on regularity, propriety and compliance Period from 5 July 2011 to 31 August 2012

As Accounting Officer of Chauncy School, I have considered my responsibility to notify the Academy's governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Dennis O'Sullivan
Accounting Officer

Date: 11 December 2012

Statement of trustees' responsibilities Period from 5 July 2011 to 31 August 2012

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

Company law requires the trustees to prepare financial statements for each financial period. 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 Academy 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 in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA have been applied for the purposes intended.

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

Approved by order of the trustees on 29 November 2012 and signed on its behalf by:

Robert Watson
Chair of trustees

Date: 11 December 2012

Independent auditor's report to the members of Chauncy School

We have audited the financial statements of Chauncy School for the period ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an 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 and the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are the directors of the Academy for the purpose of company law.

As explained more fully in the statement of trustees' responsibilities set out in the Trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Basis for Qualified Opinion

The notes to the financial statements do not disclose in note 9 the remuneration paid to individual staff governors who are also trustees in the period. The trustees have chosen to omit this information on the grounds of personal privacy. Such an omission is not compliant with the Academies Accounts Direction for 2011/12 issued by the Education Funding Agency.

Qualified Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the Academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ except for the matter disclosed in the basis for qualified opinion paragraph above in respect of the disclosure of staff governor remuneration, the financial statements have been prepared in accordance with the Academies Accounts Direction for 2011/12 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2012

Independent auditor's report on regularity to the trustees of Chauncy School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 28 August 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy during the period from 5 July 2011 to 31 August 2012 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 the trustees and the EFA. Our review work has been undertaken so that we might state to the trustees and the EFA those matters we are required to state to it 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 the trustees and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the trustees and auditor

The trustees are responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed or income received during the period from 5 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

Opinion

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 period from 5 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2012

Statement of financial activities Period from 5 July 2011 to 31 August 2012

| | Notes | Unrestricted general fund £ | Restricted funds | | Fixed assets fund £ | 2012 Total funds £ |
|--|-------|--------------------------------------|------------------|----------------|------------------------------|-----------------------------|
| | | | EFA £ | Other £ | | |
| <i>Incoming resources</i> | | | | | | |
| Incoming resources from generated funds | | | | | | |
| . Voluntary income - transfer from Local Authority on conversion | 23 | 587,495 | (573,000) | — | 8,316,292 | 8,330,787 |
| . Activities for generating funds | 4 | 503,893 | — | — | — | 503,893 |
| . Interest receivable | 2 | 8,146 | — | — | — | 8,146 |
| Incoming resources from charitable activities | | | | | | |
| . Funding for the Academy's educational operations | 3 | — | 5,862,847 | 119,246 | 34,140 | 6,016,233 |
| Total incoming resources | | 1,099,534 | 5,289,847 | 119,246 | 8,350,432 | 14,859,059 |
| <i>Resources expended</i> | | | | | | |
| Charitable activities | | | | | | |
| . Academy's educational operations | 6 | 184,506 | 5,593,528 | 119,246 | 170,066 | 6,067,346 |
| Governance costs | 7 | — | 23,318 | — | — | 23,318 |
| Total resources expended | 5 | 184,506 | 5,616,846 | 119,246 | 170,066 | 6,090,664 |
| <i>Net incoming (outgoing) resources before transfers</i> | | | | | | |
| | | 915,028 | (326,999) | — | 8,180,366 | 8,768,395 |
| Transfers between funds | 14 | (353,940) | (238,145) | — | 592,085 | — |
| Net income (expenditure) for the period | | 561,088 | (565,144) | — | 8,772,451 | 8,768,395 |
| <i>Other recognised gains and losses</i> | | | | | | |
| Actuarial loss on defined benefit pension scheme | 21 | — | (104,000) | — | — | (104,000) |
| Net movement in funds | | 561,088 | (669,144) | — | 8,772,451 | 8,664,395 |
| <i>Reconciliation of funds</i> | | | | | | |
| Fund balances carried forward at 31 August 2012 | | 561,088 | (669,144) | — | 8,772,451 | 8,664,395 |

All of the Academy's activities derive from acquisitions in the current financial period.

A separate statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

Balance sheet 31 August 2012

| | Notes | 2012 £ | 2012 £ |
|---|-------|------------------|--------------------------------------|
| <i>Fixed assets</i> | | | |
| Tangible fixed assets | 11 | | 8,751,947 |
| <i>Current assets</i> | | | |
| Debtors | 12 | 101,792 | |
| Cash at bank and in hand | | <u>1,039,078</u> | |
| | | 1,140,870 | |
| <i>Creditors: amounts falling due within one year</i> | 13 | <u>(550,422)</u> | |
| <i>Net current assets</i> | | | <u>590,448</u> |
| <i>Net assets excluding pension scheme liability</i> | | | |
| Pension scheme liability | 21 | | <u>9,342,395</u> <u>(678,000)</u> |
| <i>Net assets including pension scheme liability</i> | | | <u>8,664,395</u> |
| <i>Funds</i> | | | |
| Restricted funds | | | |
| . Fixed assets fund | 14 | | 8,772,451 |
| . EFA fund | 14 | | 8,856 |
| . Pension reserve | | | <u>(678,000)</u> |
| | | | 8,103,307 |
| Unrestricted funds | | | |
| . General fund | | | 561,088 |
| <i>Total funds</i> | | | <u>8,664,395</u> |

The financial statements on page 22 to 42 were approved by the trustees, and authorised for issue on 29 November 2012 and are signed on their behalf by:

Robert Watson
Chair of trustees
Date: 11 December 2012

Chauncy School
Company Limited by Guarantee
Registration Number: 07694228 (England and Wales)

Cash flow statement Period from 5 July 2011 to 31 August 2012

| | Notes | 2012 £ |
|--|-------|------------------|
| <i>Net cash inflow from operating activities</i> | 16 | 902,950 |
| Cash transferred on conversion to Academy Trust | 23 | 760,355 |
| Returns on investment and servicing of finance | 17 | 8,146 |
| Capital expenditure | 18 | (632,373) |
| <i>Increase in cash in the period</i> | | <u>1,039,078</u> |
| <i>Reconciliation of net cash flow to movement in net funds:</i> | | |
| <i>Net funds at 31 August 2012</i> | | <u>1,039,078</u> |

All of the cash flows derived from acquisitions in the current financial period.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Chauncy School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Chauncy School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. The value of the buildings transferred is based on cost information for recent buildings, and an EFA valuation as at 31 August 2012 for other buildings. The value of the pension deficit has been based on an actuarial valuation. Freehold land is deemed to have no commercial value due to restrictive covenants in place. Further details of the transaction are set out in note 23 of the financial statements.

Going concern

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

Incoming resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Incoming resources (continued)

Donations

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

Other income

Other income is recognised in the period it is receivable.

Gifts in kind

The value of gifts in kind provided to the Academy are recognised at a valuation attributed by the trustees in the period in which they are receivable as incoming resources, where the benefit to the School can be reliably measured.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category.

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' and governors' meetings and reimbursed expenses.

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

| | |
|----------------------------------|----------|
| Academy buildings | 50 years |
| Fixtures, fittings and equipment | 5 years |
| Computer and office equipment | 3 years |
| Motor vehicles | 4 years |

Depreciation is charged from the month of acquisition.

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.

Taxation

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

Pensions benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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

Restricted EFA funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Hertfordshire County Council.

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

1 General Annual Grant (GAG)

| | 2012 £ |
|--|------------------|
| <i>Results and carry forward for the period</i> | |
| GAG allocation for current period | 5,718,344 |
| <i>Total GAG available to spend</i> | <i>5,718,344</i> |
| Recurrent expenditure from GAG | (5,480,199) |
| Fixed assets purchased from GAG | (238,145) |
| <i>GAG carried forward to next year</i> | <i>—</i> |
| Maximum permitted GAG carry forward at end of current year (12% of allocation for the 12 month period ending 31 August 2012) | 632,851 |
| <i>GAG to surrender to DfE (12% rule breach if result is positive)</i> | <i>(632,851)</i> |
| | No breach |

2 Investment income

| | Unrestricted funds £ | Restricted funds £ | 2012 Total funds £ |
|------------------------|----------------------------|--------------------------|-----------------------------|
| Bank interest received | 8,146 | — | 8,146 |
| | 8,146 | — | 8,146 |

3 Funding for Academy's educational operations

| | Unrestricted funds £ | Restricted funds £ | 2012 Total funds £ |
|--|----------------------------|--------------------------|-----------------------------|
| <i>Capital grants</i> | | | |
| EFA capital funding | — | 20,504 | 20,504 |
| Hertfordshire County Council – Capital grant | — | 13,636 | 13,636 |
| | — | 34,140 | 34,140 |
| <i>EFA revenue grants</i> | | | |
| . General Annual Grant (GAG) (note 1) | — | 5,718,344 | 5,718,344 |
| . Pupil Premium | — | 54,108 | 54,108 |
| . Bursary Fund | — | 19,102 | 19,102 |
| . Other EFA grants | — | 71,293 | 71,293 |
| | — | 5,862,847 | 5,862,847 |
| <i>Other revenue grants</i> | | | |
| 1-2-1 grant | — | 37,847 | 37,847 |
| Additional funding grant | — | 21,384 | 21,384 |
| Golden hello | — | 11,380 | 11,380 |
| SEN funding | — | 7,739 | 7,739 |
| Exceptional needs | — | 13,306 | 13,306 |
| Other local authority grants | — | 17,590 | 17,590 |
| Other grants | — | 10,000 | 10,000 |
| | — | 119,246 | 119,246 |
| | — | 6,016,233 | 6,016,233 |

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

4 Activities for generating funds

| | Unrestricted funds £ | Restricted funds £ | 2012 Total funds £ |
|----------------------|-------------------------|-----------------------|-----------------------------|
| Income from trips | 194,660 | — | 194,660 |
| Lettings income | 12,200 | — | 12,200 |
| Music tuition | 39,515 | — | 39,515 |
| Catering income | 160,851 | — | 160,851 |
| Miscellaneous income | 96,667 | — | 96,667 |
| | <u>503,893</u> | <u>—</u> | <u>503,893</u> |

5 Resources expended

| | Staff costs £ | Non pay expenditure | | 2012 Total funds £ |
|---|------------------|---------------------|------------------|-----------------------------|
| | | Premises £ | Other costs £ | |
| Charitable activities | | | | |
| . Academy's educational operations (note 6) | | | | |
| .. Direct costs | 3,997,445 | 170,066 | 324,831 | 4,492,342 |
| .. Allocated support costs | 571,254 | 387,293 | 616,457 | 1,575,004 |
| | <u>4,568,699</u> | <u>557,359</u> | <u>941,288</u> | <u>6,067,346</u> |
| Governance costs (note 7) | — | — | 23,318 | 23,318 |
| | <u>4,568,699</u> | <u>557,359</u> | <u>964,606</u> | <u>6,090,664</u> |

Incoming resources for the period include:

| | |
|-------------------------|---------------|
| Fees payable to auditor | |
| . Statutory audit | <u>10,000</u> |

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

6 Charitable activities - Academy's educational operations

| | Unrestricted funds £ | Restricted funds £ | 2012 Total funds £ |
|--|----------------------------|--------------------------|-----------------------------|
| <i>Direct costs</i> | | | |
| Teaching and educational support staff costs | — | 3,997,445 | 3,997,445 |
| Educational supplies | — | 208,312 | 208,312 |
| Depreciation | — | 170,066 | 170,066 |
| Examination fees | — | 116,519 | 116,519 |
| | — | 4,492,342 | 4,492,342 |
| <i>Allocated support costs</i> | | | |
| Support staff costs | — | 571,254 | 571,254 |
| Recruitment and other staff costs | — | 48,538 | 48,538 |
| Catering contract | — | 155,872 | 155,872 |
| Printing and stationery | — | 24,930 | 24,930 |
| Office overheads | — | 54,399 | 54,399 |
| IT costs | — | 2,886 | 2,886 |
| Heat and light | — | 44,815 | 44,815 |
| Rates | — | 37,730 | 37,730 |
| Equipment costs | — | 115,469 | 115,469 |
| Insurance | — | 64,241 | 64,241 |
| Premises | 4,855 | 235,652 | 240,507 |
| School trips | 156,452 | — | 156,452 |
| Transport costs | — | 6,023 | 6,023 |
| FRS 17 interest finance cost | — | 25,000 | 25,000 |
| Miscellaneous expenses | 23,199 | 3,689 | 26,888 |
| | 184,506 | 1,390,498 | 1,575,004 |
| | 184,506 | 5,882,840 | 6,067,346 |

7 Governance costs

| | Unrestricted funds £ | Restricted funds £ | 2012 Total funds £ |
|-------------------------|----------------------------|--------------------------|-----------------------------|
| Auditor's remuneration: | | | |
| . Current period audit | — | 10,000 | 10,000 |
| Consultancy fees | — | 13,318 | 13,318 |
| | — | 23,318 | 23,318 |

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

8 Staff costs

Staff costs during the period were:

| | <i>2012</i> <i>£</i> |
|-----------------------|-------------------------|
| Wages and salaries | 3,789,559 |
| Social security costs | 282,235 |
| Pension costs | 496,905 |
| | <u>4,568,699</u> |

Pension costs include a credit of £24,000 in relation to FRS 17.

The average numbers of persons (including senior management team) employed by the Academy during the period expressed as a full time equivalents was as follows:

| <i>Charitable activities</i> | <i>2012</i> <i>£</i> |
|------------------------------|-------------------------|
| Teachers | 65 |
| Administration and support | 7 |
| Management | 6 |
| | <u>78</u> |

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period was as follows:

| | <i>2012</i> <i>No</i> |
|--------------------|--------------------------|
| £60,001 - £70,000 | 2 |
| £90,001 - £100,000 | 1 |

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012 pension contributions for these staff amounted to £44,956.

9 Trustees' remuneration and expenses

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration for the period in total was £121,441.

During the period ended 31 August 2012 no expenses were reimbursed to any Trustee in relation to their role as Trustee or Governor.

Staff governors, who are also trustees, may be reimbursed expenses incurred during their normal course of employment.

Other related party transactions involving the Trustees are set out in note 22.

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 Governors' Public Liability and £2,000,000 for Governors' Professional Indemnity. The cost for the period ended 31 August 2012 was £193. Other related party transactions involving the trustees are set out in note 22.

11 Tangible fixed assets

| | Assets under construction £ | Academy land and buildings £ | Motor vehicles £ | Furniture, fittings and equipment £ | Computer and office equipment £ | Total £ |
|------------------------|--------------------------------|---------------------------------|---------------------|--|------------------------------------|------------|
| <i>Cost</i> | | | | | | |
| Transfer on conversion | — | 8,255,500 | — | — | — | 8,255,500 |
| Additions | 575,120 | — | 20,318 | 5,433 | 65,642 | 666,513 |
| At 31 August 2012 | 575,120 | 8,255,500 | 20,318 | 5,433 | 65,642 | 8,922,013 |
| <i>Depreciation</i> | | | | | | |
| Charge in period | — | 165,110 | 2,540 | 91 | 2,325 | 170,066 |
| At 31 August 2012 | — | 165,110 | 2,540 | 91 | 2,325 | 170,066 |
| <i>Net book values</i> | | | | | | |
| At 31 August 2012 | 575,120 | 8,090,390 | 17,778 | 5,342 | 63,317 | 8,751,947 |

For the purposes of these financial statements, the land is deemed to have no commercial value due to the restrictive covenant placed on the asset.

12 Debtors

| | 2012 £ |
|-----------------|----------------|
| Prepayments | 84,293 |
| VAT recoverable | 17,499 |
| | <u>101,792</u> |

13 Creditors: amounts falling due within one year

| | 2012 £ |
|------------------------------|----------------|
| Trade creditors | 2,490 |
| Taxation and social security | 85,397 |
| Accruals and deferred income | 401,686 |
| Other creditors | 60,849 |
| | <u>550,422</u> |

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

14 Funds

| | Incoming resources £ | Expended resources £ | Gains, losses and transfers £ | At 31 August 2012 £ |
|--------------------------------------|----------------------------|----------------------------|--|------------------------------|
| <i>EFA revenue grant fund</i> | | | | |
| General Annual Grant (GAG) | 5,718,344 | (5,480,199) | (238,145) | — |
| Pupil Premium | 54,108 | (54,108) | — | — |
| Bursary Fund | 19,102 | (10,246) | — | 8,856 |
| Other EFA revenue grants | 71,293 | (71,293) | — | — |
| | <u>5,862,847</u> | <u>(5,615,846)</u> | <u>(238,145)</u> | <u>8,856</u> |
| Pension reserve | (573,000) | (1,000) | (104,000) | (678,000) |
| | <u>5,289,847</u> | <u>(5,616,846)</u> | <u>(342,145)</u> | <u>(669,144)</u> |
| <i>Fixed assets funds</i> | | | | |
| EFA capital grant | 20,504 | — | — | 20,504 |
| Inherited buildings | 8,255,500 | (165,110) | — | 8,090,390 |
| Capital expenditure from GAG | — | — | 238,145 | 238,145 |
| Capital expenditure from other funds | 74,428 | (4,956) | 353,940 | 423,412 |
| | <u>8,350,432</u> | <u>(170,066)</u> | <u>592,085</u> | <u>8,772,451</u> |
| <i>Other restricted funds</i> | | | | |
| Other funds | 109,246 | (109,246) | — | — |
| Other Local Authority grants | 10,000 | (10,000) | — | — |
| | <u>119,246</u> | <u>(119,246)</u> | <u>—</u> | <u>—</u> |
| <i>Total restricted funds</i> | <u>13,759,525</u> | <u>(5,906,158)</u> | <u>249,940</u> | <u>8,103,307</u> |
| <i>Unrestricted funds</i> | | | | |
| General funds | 1,099,534 | (184,506) | (353,940) | 561,088 |
| <i>Total unrestricted funds</i> | <u>1,099,534</u> | <u>(184,506)</u> | <u>(353,940)</u> | <u>561,088</u> |
| <i>Total funds</i> | <u>14,859,059</u> | <u>(6,090,664)</u> | <u>(104,000)</u> | <u>8,664,395</u> |

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

EFA revenue grant fund and other restricted funds

These grants relate to the Academy's operational activities.

Fixed asset fund

This fund includes funding received from the EFA and the Academy's own funds which have been used to carry out works of a capital nature.

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the Hertfordshire County Council Local Government Pension Scheme.

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

15 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted General Funds £ | Restricted Fixed Asset Fund £ | Total 2012 £ |
|--|----------------------------|-------------------------------------|---|--------------------|
| <i>Fund balances at 31 August 2012 are represented by:</i> | | | | |
| Tangible fixed assets | — | — | 8,751,947 | 8,751,947 |
| Current assets | 561,088 | 559,278 | 20,504 | 1,140,870 |
| Current liabilities | — | (550,422) | — | (550,422) |
| Pension scheme liability | — | (678,000) | — | (678,000) |
| Total net assets | 561,088 | (669,144) | 8,772,451 | 8,664,395 |

16 Reconciliation of net income to net cash inflow from operating activities

| | 2012 £ |
|--|----------------|
| Net income | 8,768,395 |
| Inherited pension deficit | 573,000 |
| Depreciation (note 11) | 170,066 |
| Capital grants from EFA and other capital income | (34,140) |
| Interest receivable (note 2) | (8,146) |
| FRS 17 pension cost less contributions payable (note 21) | (24,000) |
| FRS 17 pension finance costs (note 21) | 25,000 |
| Increase in debtors | (101,792) |
| Increase in creditors | 550,422 |
| Inherited fixed assets | (8,255,500) |
| Cash transferred on conversion | (760,355) |
| Net cash inflow from operating activities | 902,950 |

17 Returns on investment and servicing of finance

| | 2012 £ |
|--|--------------|
| Interest received | 8,146 |
| Net cash inflow from returns on investment and servicing of finance | 8,146 |

Notes to the financial statements Period from 5 July 2011 to 31 August 2012

18 Capital expenditure and financial investment

| | 2012 £ |
|--|------------------|
| Capital grants from EFA and other capital income | 34,140 |
| Fixed assets purchased | (666,513) |
| Net cash outflow from capital expenditure and financial investments | (632,373) |

19 Analysis of changes in net funds

| | At 5 July 2011 £ | Cashflows £ | At 31 August 2012 £ |
|--------------------------|---------------------------|----------------|------------------------------|
| Cash in hand and at bank | — | 1,039,078 | 1,039,078 |

20 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

21 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010, updated to 31 August 2012 by a qualified independent actuary.

Contributions amounting to £60,849 were payable to the schemes at 31 August and are included within creditors.

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay - as - you - go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (TPS) (continued)

As from 1 January 2007, and as part of the cost - sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost - sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi - employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out above the information available on the scheme and the implications for the School in terms of the anticipated contribution rates.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £153,237, of which employer's contributions totalled £122,627 and employees' contributions totalled £30,610.

The agreed contribution rates for future years are 20.6% for employers and 6% for employees.

Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the governors to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.

21 *Pension and similar obligations* (continued)

Local Government Pension Scheme (LGPS) (continued)

| <i>Principal Actuarial Assumptions</i> | <i>At 31 August 2012</i> |
|--|--------------------------|
| Rate of increase in salaries | 4.50% |
| Rate of increase for pensions in payment / inflation | 2.20% |
| Discount rate for scheme liabilities | 4.10% |
| Inflation assumption (CPI) | 2.20% |
| Commutation of pensions to lump sums | 50% to 75% |

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

| | <i>At 31 August 2012</i> |
|------------------------------------|--------------------------|
| <i>Retiring today</i> | |
| Males | 21.0 |
| Females | 23.8 |
| <i>Retiring in 20 years</i> | |
| Males | 22.9 |
| Females | 25.7 |

The School's share of the assets and liabilities in the scheme and the expected rates of return were:

| | <i>Expected return at 31 August 2012</i> | <i>Fair value at 31 August 2012</i> |
|-------------------------------------|--|-------------------------------------|
| | <i>£</i> | <i>£</i> |
| Equities | 5.60% | 412 |
| Bonds | 3.40% | 114 |
| Property | 3.70% | 36 |
| Cash | 2.80% | 36 |
| Total market value of assets | | 598 |
| Present value of scheme liabilities | | (1,276) |
| Surplus in the scheme | | (678) |

The actual return on scheme assets was £25,000.

21 *Pension and similar obligations* (continued)

Local Government Pension Scheme (continued)

| <i>Amounts recognised in statement of financial activities</i> | <i>2012</i> <i>£</i> |
|---|-------------------------|
| <i>Current service costs (net of employer contributions)</i> | <i>(24)</i> |
| Total operating charge | <i>(24)</i> |
| <i>Analysis of pension costs</i> | |
| Expected return on pension scheme assets | <i>34</i> |
| Interest on pension liabilities | <i>(59)</i> |
| <i>Pension finance (costs)</i> | <i>(25)</i> |

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £104,000.

| <i>Movements in the overall deficit were as follows:</i> | <i>2012</i> <i>£</i> |
|--|-------------------------|
| Deficit at 1 August 2011 | <i>573</i> |
| Current service cost | <i>109</i> |
| Employer contributions | <i>(133)</i> |
| Net finance interest | <i>25</i> |
| Actuarial losses | <i>104</i> |
| <i>At 31 August 2012</i> | <i>678</i> |

| <i>Movements in the present value of defined benefit obligations were as follows:</i> | <i>2012</i> <i>£</i> |
|---|-------------------------|
| Transferred on conversion at 1 August 2011 | <i>979</i> |
| Current service costs | <i>109</i> |
| Interest costs | <i>59</i> |
| Employee contributions | <i>33</i> |
| Actuarial loss | <i>96</i> |
| <i>At 31 August 2012</i> | <i>1,276</i> |

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

| | 2012 £ |
|--|------------|
| <i>Movements in the fair value of School's share of scheme assets:</i> | |
| Transferred on conversion at 1 August 2011 | 406 |
| Expected return on assets | 34 |
| Actuarial (loss) | (8) |
| Employer contributions | 133 |
| Employee contributions | 33 |
| <i>At 31 August 2012</i> | <u>598</u> |

The estimated value of the employer contributions for the year ended 31 August 2013 is £119,000.

The experience adjustments are as follows:

| | 2012 £ |
|---|--------------|
| <i>Present value of defined benefit obligations</i> | (1,276) |
| <i>Fair value of share scheme assets</i> | 598 |
| <i>Deficit on the scheme</i> | <u>(678)</u> |
| <i>Experience adjustments on share of scheme assets</i> (Loss) | (8) |
| <i>Experience adjustments on scheme liabilities</i> Amount | <u>—</u> |

22 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees and governing body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a governor or a trustee may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

23 Conversion to an academy trust

On 1 August 2011 Chauncy School converted to academy trust status under the Academies Act 2010 and all operations and assets and liabilities were transferred to Chauncy School from the Hertfordshire County Council for £nil consideration.

23 Conversion to an academy trust (continued)

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | <i>Total</i> £ |
|--|----------------------------|-------------------------------------|---|-------------------------|
| Tangible fixed assets | | | | |
| . Freehold land and buildings | — | — | 8,255,500 | <i>8,255,500</i> |
| Budget surplus on LA funds | 515,962 | — | 60,792 | <i>576,754</i> |
| Budget surplus on other school funds | 71,533 | — | — | <i>71,533</i> |
| LGPS pension (deficit) | — | (573,000) | — | <i>(573,000)</i> |
| <i>Net assets (liabilities)</i> | <i>587,495</i> | <i>(573,000)</i> | <i>8,316,292</i> | <i>8,330,787</i> |

The above net assets include £760,355 that was transferred as cash.

The freehold land and buildings were transferred via a deed from Hertfordshire County Council for £nil consideration. The land is deemed to have no commercial value in the accounts due to the restrictive covenant of the asset.

The value of the buildings transferred is based on an EFA valuation carried out at 31 August 2012, and the cost of construction of two additional blocks completed in 2009. The cost of these blocks is not considered materially different from its carrying value at the date of conversion.

All buildings are considered to have a useful economic life of 50 years. One year's depreciation has been charged during the period since conversion.