

Company Registration Number: 07694228 (England and Wales)

CHAUNCY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

CHAUNCY SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Trustees and Members

Robert Watson, Chair¹
Miles Ambler²
Adele Batsford (appointed 22 March 2017)³
Louise Brace²
Martin Butcher²
Libby Byne-Grey²
Andrew Caisey (resigned 5 July 2017)²
Richard Hallman (resigned 27 September 2016)²
Posy Hill-Williams (resigned 28 September 2016)²
Julie Kennelly (appointed 22 March 2017)³
Amanda King²
Linda Lang (resigned 5 July 2017)⁴
Tosin Lawani (appointed 22 March 2017)²
Kerriana Lester⁴
Katy Little (appointed 28 September 2016)²
Fiona Martin^{1,2}
Dennis O'Sullivan, Head Teacher^{1,2}
Nicola Rooke (appointed 26 September 2017)⁴
Michael Walkerdine (appointed 25 January 2017)²
Michael Wathen (resigned 5 September 2016)⁴
Mark Wilkinson^{1,2}

- ¹ Governor
- ² Member Governor
- ³ Parent Governor
- ⁴ Staff Governor

Company registered number
07694228

Company name
Chauncy School

Principal and registered office
Park Road, Ware, Hertfordshire, SG12 0DP

Company secretary
Susan Browning

Senior management team
Dennis O'Sullivan, Headteacher
Diane Carey, Deputy Head
Stephen Walton, Deputy Head
Craig Burnett, Assistant Head
Wendy Bremner, Business Manager

Independent auditor
Hillier Hopkins LLP, Radius House, 51 Clarendon Road, Watford, Herts, WD17 1HP

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 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.

The Trustees operates a secondary school academy for pupils aged 11 to 16 serving a catchment area in Ware and the surrounding villages. It has a pupil capacity of 160 in year 7 and had on roll 1039 in the school census of October 2017.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association is the primary governing document of the academy trust.

The Trustees of Chauncy School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Chauncy School.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

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

In accordance with the normal commercial practice the academy has purchased insurance to protect the trustees and officers from claims arising from negligent acts, errors or omissions whilst on academy business.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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 School, as well as local availability. The Board comprises Parent Governors, The Headteacher, Staff Governors and Member Governors.

The current composition of Trustees includes:

Mr Robert Watson (Chair)
Mrs Fiona Martin
Mr Dennis O'Sullivan (Head Teacher)
Mr Mark Wilkinson

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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

Governors are appointed based on the skills that they will bring to the governing body or based on a proposal to the governing body by representative groups. On appointment, Governors receive information relating to the Academy and attend a briefing session and receive an induction pack on the role and responsibilities of Governors. These sessions cover educational and business matters and include a familiarization tour of the School's facilities. Governors are issued with extensive background material together with the statutory guidelines for Governors. Governors are encouraged to attend training sessions organized for the education Sector.

During the period, Governors were offered all necessary training.

f. ORGANISATIONAL STRUCTURE

The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Governing Body has established a number of sub committees to review policies and performance of the school in all areas. Reports from each of the sub committees are received and discussed at every meeting of the full governing body.

All Governors are members of the full governing body. In addition Governors are members of committees who report to the full governing body.

Resources Committee

Mr Andrew Caisey (Resources Chair – Resigned 5th July 2017)
Mr Robert Watson
Mrs Fiona Martin
Mrs Amanda King
Mr Mark Wilkinson
Mr Dennis O'Sullivan (Head Teacher)
Mrs Adele Batsford (appointed 22nd March 2017)
Mrs Julie Kennelly (appointed 22nd March 2017)
Mrs Linda Lang (resigned 5th July 2017)
Mr Michael Wathen (resigned 5th September 2016)

Review & Development Committee

Mr Miles Ambler (R&D Chair)
Mrs Louise Brace
Mr Martin Butcher
Mrs Libby Byne Grey
Mrs Kerianna Lester
Mrs Tosin Lawani (appointed 22 March 2017)
Ms Katy Little (appointed 28 September 2016)
Mrs Nicola Rooke (appointed 26 September 2017)
Mr Michael Walkerdine (appointed 25 January 2017)
Mrs Posy Hill-Williams (Resigned 28th September 2016)
Mr Richard Hallman (Resigned 27th September 2016)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

g. ARRANGEMENTS FOR SETTING PAY REMUNERATION OF KEY MANGEMENT PERSONNEL

The Board of Trustees gives due consideration to national guidance for the setting of staff salaries and benchmarks staff costs using the Department for Education benchmarking tools.

The Board of Trustees will ensure that every member of staff including the Headteacher has a salary review as part of the annual performance management process. On completion of this process, any pay awards, if due, will be made in accordance with the school pay policy.

h. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Headteacher is a member of a number of professional organisations which enable him to keep abreast of current educational matters and network with other schools to share expertise, knowledge and experience.

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 to 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.

This year the school joined the School Direct Teacher Training, funded by the National College for Teaching and Leadership.

Objectives and Activities

a. OBJECTS AND AIMS

The School's objective is to advance for the public benefit education for children aged 11 to 18 in the UK. In particular by establishing, maintaining, managing and developing the Academy, to offer a broad curriculum.

The Governors vision 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.
To develop our young people as responsible citizens who make a positive contribution to society.

b. PUBLIC BENEFIT

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

The Academy Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

c. OBJECTIVES, STRATEGIES AND ACTIVITIES

The School's objectives for the period ending 31 August 2017 are summarised in the following.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

d. ACTIVITIES FOR ACHIEVING OBJECTIVES

Outcomes for Pupils

- Progress 8 score of 0.25+, in spite of a new points system which favours schools with high ability intake.
- 45% A* to C + English/Maths, exceeding FFT20.
- 45% A* to B at A Level.
- Positive headline value added measures for both Academic and Applied General qualifications.
- Maintain the average Academic grade of C+, in spite of new 'add back' rules.
- Minimum average Applied General grade of 'Distinction*'.
• Improve retention rate.
- Smooth transition to new A Levels.

Quality of Teaching, Learning and Assessment

- All lessons at least meet 'good' criteria with increasing percentage of outstanding lessons.
- Lessons provide regular opportunities for students to develop their skills in written communication.
- Teaching meets all students' individual needs, including the most able.
- Marking and assessment ensure that students know where they are and what they need to do to get better.
- Teaching develops students' employability skills, such as taking risks and learning from mistakes, working with others and working independently.
- The curriculum meets the needs of all students and contributes to outstanding outcomes.
- No underperforming groups.
- Continue to improve achievement for pupil premium students to bring in line with non pupil premium students.

Personal Development, Behaviour and Welfare

- Develop further opportunities for students and parents to learn how to keep themselves safe. This will include how to stay healthy and about emotional and mental health, safe and positive relationships and how to prevent misuse of technology.
- Students are confident and self assured. They take pride in their work, their school and their appearance. Students' attitudes to all aspects of their learning are consistently positive. These positive attitudes have a good impact on the progress they make.
- Students at Chauncy value their education. Few are absent or persistently absent. No groups of pupils are disadvantaged by low attendance. The attendance of pupils who have previously had exceptionally high rates of absence is showing marked and sustained improvement.
- Students, staff and governors are aware of the risks of extremism and radicalisation.

Effectiveness of Leadership and Management

- Governors are effective in challenging and supporting senior leaders and staff to secure whole school improvement.
- Senior leaders raise standards across the school.
- Students are well prepared for the new, more challenging qualifications and KS4 and KS5, with strong foundations being established at KS3.
- The curriculum responds to student need and government priorities, offering breadth, balance and the potential to inspire.
- Student safety, behaviour and welfare remain strengths of the school, promoting an environment where students learn and thrive.
- Staff moral remains high.

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TRUSTEES' REPORT (continued)
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Strategic report

Achievements and performance

a. KEY PERFORMANCE INDICATORS

The school was inspected by Ofsted on the 3rd and 4th October 2017. This inspection was rated as Outstanding in all areas of the inspection.

Effectiveness of leadership and management	Outstanding
Quality of teaching, learning and assessment	Outstanding
Personal development, behaviour and welfare	Outstanding
Outcomes for pupils	Outstanding
16 to 19 Study programmes	Outstanding

Overall effectiveness at previous inspection in 2013 Good

b. GOING CONCERN

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

c. FINANCIAL REVIEW

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Please note that the period shown is for 12 months.

The Academy also receives grants for capital expenditure from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2017, total expenditure of £6,236,864 (2016: £5,973,330) was more than covered by recurrent grant funding from the ESFA together with other incoming resources, the excess of income over expenditure for the period (excluding restricted fixed asset funds) was £290,613 (2016: £566,564)

At 31 August 2017 the net book value of fixed assets was £13,933,209 (2016: £12,594,575) 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 students of the Academy.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

d. REVIEW OF ACTIVITIES

Summary of Achievement 2017

Key Stage 4

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Progress 8</u>	<u>0.50</u>	<u>0.47</u>	<u>0.36</u>
<u>Attainment 8</u>	<u>49.6</u>	<u>47.6</u>	
<u>% English & Maths 4+</u>	<u>72%</u>	<u>68%</u>	<u>64%</u>
<u>% English & Maths 5+</u>	<u>48%</u>		
<u>% EBacc 4+</u>	<u>28%</u>	<u>29%</u>	
<u>% EBacc 5+</u>	<u>24%</u>		
<u>% 5 or more A* - C + EM</u>	<u>72%</u>	<u>64%</u>	<u>64%</u>
<u>% A*/A, 7 - 9</u>	<u>20%</u>	<u>19%</u>	<u>25%</u>
<u>% English Lang 4+</u>	<u>74%</u>	<u>88%</u>	<u>74%</u>
<u>% English Lang 5+</u>	<u>50%</u>		
<u>% English Lit 4+</u>	<u>81%</u>	<u>64%</u>	<u>69%</u>
<u>% English Lit 5+</u>	<u>60%</u>		
<u>% Maths 4+</u>	<u>75%</u>	<u>72%</u>	<u>80%</u>
<u>% Maths 5+</u>	<u>56%</u>		
<u>% 2 Science</u>	<u>70%</u>	<u>67%</u>	
<u>English Progress</u>	<u>0.06</u>	<u>0.56</u>	
<u>Maths Progress</u>	<u>0.39</u>	<u>-0.02</u>	
<u>EBacc Progress</u>	<u>0.61</u>	<u>0.70</u>	
<u>Other Progress</u>	<u>0.59</u>	<u>0.66</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017

Progress 8 Score for Student Groups

	<u>2017</u>	<u>2016</u>	
<u>All</u>	<u>0.50</u>	<u>0.49</u>	
<u>Boys</u>	<u>0.40</u>	<u>0.37</u>	
<u>Girls</u>	<u>0.52</u>	<u>0.54</u>	
<u>PP</u>	<u>0.32</u>	<u>0.19</u>	
<u>SEN</u>	<u>0.52</u>	<u>0.22</u>	
<u>High</u>	<u>0.16</u>	<u>0.46</u>	
<u>Middle</u>	<u>0.70</u>	<u>0.44</u>	
<u>Low</u>	<u>0.32</u>	<u>0.44</u>	

Key Stage 5 2016/17

<u>GCSE Baseline</u>	<u>2017</u>	<u>2016</u>
<u>Overall –</u>	45.1	43.7
<u>Academic –</u>		44.1
<u>Vocational –</u>		41.2

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TRUSTEES' REPORT (continued)
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A Level and Vocational

	2017	(2016)
% A* - E	99.6%	(100%)
% A* - B or D/D*	59%	(51%)
% A* - C or D/D*	81%	(74%)

	2017	(2016)
Average TPS*	117.3	
Average Entry	34.8 (C+)	(33.4 C)

Academic Level FTE

	2017	(2016)
% A* - E	99.5%	(100%)
%A* - B	51%	(43%)
% A* - C	81%	(72%)

	2017	(2016)
Average Entry	31.7 (C+)	(30.7 C)

Vocational FTE

	2017	(2016)
% pass	100%	(98%)
% D/D*	92%	(75%)

	2017	(2016)
Average Entry	44.3 (D*-)	(41.1 D+)

a. RESERVES POLICY

The level of reserves held at 31 August 2017 total £14,751,248 (2016: £11,929,540). The reserves will be allocated and spent as part of the School Development Plan, to update, improve and maintain its facilities and resources. A capital spending plan has been completed detailing the short, medium and long term needs and plans of the School for which the reserves will be allocated and determined in order of priority to meet the needs of the School. The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The academy shows a surplus of £557,425 on unrestricted funds after significant capital expenditure in 2017 and the level of unspent capital grants held at the 31 August 2017 was £3,360. This situation is largely attributable to the fact capital expenditure in 2016/2017 was funded by the sale of land, the income for which has been recognised on completion in October 2016. Therefore the academy recognised income of £1,706,620 in the accounts for the financial year ending 31 August 2017.

b. MATERIAL INVESTMENTS POLICY

The school invests surplus funds in a high interest account. The school will also consider in the future placing money on a fixed term basis to earn a high rate of return to the interest paid on the deposit account. The decision to invest will have due regard to the liquidity requirements of the academy and will be agreed by the head and resources Committee and will only be placed with our current bank provider.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Academy has developed risk management procedures. The Governors have assessed the major risks to which the Academy is exposed and a formal review of the Academy's risk management process is undertaken on an annual basis.

The Governors have assessed the major risks to which the School is exposed, in particular those relating to teaching, the provision of facilities and other operational areas of the School and its finances. The Governors have implemented a number of systems to assess risks that the School faces, especially in the operational areas. Examples included are in relation to teaching, health and safety, bullying, school trips & visits and in relation to the control of finance.

The main risks and impacts have been assessed as:

Principal risks include changes to the funding formula paid to the academy by the Education & Skills Funding Agency (ESFA) or as part of a national funding formula change could have adverse financial implications for the school which would need to be addressed

If the number of pupils decreased this would have a direct effect on funding. If the ESFA 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 School which would need to be addressed.

The school is currently unable to establish how the implementation of a national funding formula will impact the schools funding and if it will be significantly different to the current local authority methodology for Hertfordshire Academies.

Significant changes in pupil numbers including sixth form may have an adverse impact on the funding for the school.

The School 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 Governors have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Academy's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agenda for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body
- Pecuniary interests of governors reviewed at each meeting
- Comprehensive budgeting and management reporting
- Strategic financial planning & planned maintenance and capital reviews
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

a. FUTURE DEVELOPMENTS

The school is continuing with its Capital Plan to improve and upgrade facilities at the school for students and staff.

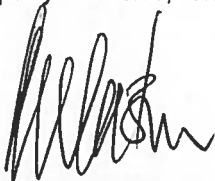
We will continue to develop the curriculum in response to student needs and the numerous government initiatives.

DISCLOSURE OF INFORMATION TO AUDITOR

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 Trustees in order to be aware of any relevant audit information and to establish that the charitable company's auditor is 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 27 November 2017 and signed on its behalf by:



Robert Watson, Chair
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that 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 board of trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Chauncy School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees 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 trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Robert Watson, Chair	6	6
Miles Ambler	6	6
Adele Batsford	2	2
Louise Brace	3	6
Martin Butcher	5	6
Libby Byne-Grey	6	6
Andrew Caisey	6	6
Richard Hallman	0	0
Posy Hill-Williams	0	0
Julie Kennelly	2	2
Amanda King	2	6
Linda Lang	4	6
Tosin Lawani	2	2
Kerriana Lester	6	6
Katy Little	6	6
Fiona Martin	6	6
Dennis O'Sullivan, Head Teacher	6	6
Nicola Rooke	0	0
Michael Walkerdine	4	4
Michael Wathen	0	0
Mark Wilkinson	5	6

Mr Michael Wathen resigned as a trustee on 5th September 2016.

Mr Richard Hallman resigned as a trustee on 27th September 2016.

Mrs Posy Hill-Williams resigned as a trustee on 28th September 2016.

Mr Andy Caisey resigned as a trustee on 5th July 2017.

Mrs Linda Lang resigned as a trustee on 5th July 2017

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GOVERNANCE STATEMENT (continued)

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to review the financial situation and factor in the site and premises requirements in the year including health and safety.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Andrew Caisey	6	6
Robert Watson	6	6
Julie Kennelly	2	2
Amanda King	2	6
Mark Wilkinson	6	6
Linda Lang	4	6
Fiona Martin	6	6
Dennis O'Sullivan, Head Teacher	6	6
Adele Batsford	1	1

The Review and Development Committee is also a sub-committee of the main board of trustees. Its purpose is to review the school development plan and school policies.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Miles Ambler	6	6
Miles Ambler	6	6
Louise Brace	3	6
Martin Butcher	5	6
Libby Bryne-Grey	6	6
Tosin Lawani	1	1
Kerriana Lester	6	6
Katy Little	6	6
Michael Walkerdine	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher has responsibility for ensuring that the academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

Value for Money is part of the everyday procurement processes from the purchase of paper and books to large capital projects. Purchases over £10,000 require three quotations from suppliers to ensure value for money. The finance department regularly researches prices for all departments on a variety of educational items before ordering.

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

- The price of Paper is checked for every order for competitive value;
- For the purchase of books research with different suppliers is undertaken for the cheapest;

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GOVERNANCE STATEMENT (continued)

- CIF Projects all included 3 supplier quotes to obtain value for money and ongoing discussions were made during the process to avoid increased costs for example specialist asbestos removal and the use of different materials; and
- Repairs and Maintenance works - competitive quotes for lighting and ceiling replacement and flooring have all been achieved during the year.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chauncy School 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 trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 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 trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- 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;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bill Tinsdale, the Business Manager of another school to perform peer review.

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

- a review of the process surrounding contracts
- a review of departmental budgets
- a review surrounding Pupil Premium

Three audits were carried out in the financial year and results were reported to the Finance Committee. The reviewers recommendations were implemented following their review. The next peer review is planned for Autumn 2017. There were no material control issues arising as a result of the reviewer's work.

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GOVERNANCE STATEMENT (continued)

On a semi-annual basis, the reviewer reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

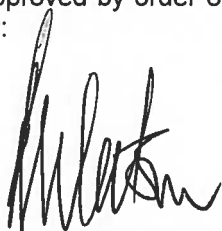
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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 peer reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The 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 Review and Development 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 trustees on 27 November 2017 and signed on their behalf, by:



Robert Watson
Chair of Trustees



Dennis O'Sullivan
Accounting Officer


CHAUNCY SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Chauncy School 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.



Dennis O'Sullivan
Accounting Officer

Date: 27 November 2017

CHAUNCY SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of Chauncy School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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:

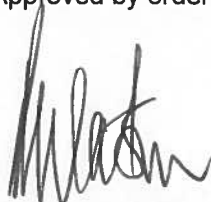
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the 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 trustees and signed on its behalf by:



Robert Watson
Chair of Trustees

Date: 27 November 2017

CHAUNCY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHAUNCY SCHOOL**

OPINION

We have audited the financial statements of Chauncy School 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'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 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'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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CHAUNCY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHAUNCY SCHOOL**

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 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.

RESPONSIBILITIES OF TRUSTEES

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

CHAUNCY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHAUNCY SCHOOL**

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy'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. The description forms part of our Auditor's report.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date:

12th December 2017

CHAUNCY SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAUNCY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 June 2013 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 Chauncy School 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 Chauncy School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chauncy School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Chauncy School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Chauncy School's funding agreement with the Secretary of State for Education dated 1 August 2011, 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's income and expenditure.

CHAUNCY SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAUNCY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 12th December 2017

CHAUNCY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	1,300	-	1,934,079	1,935,379	967,306
Charitable activities	5	466,449	5,700,858	-	6,167,307	6,246,538
Other trading activities	3	24,376	-	-	24,376	17,256
Investments	4	8,510	-	-	8,510	14,362
TOTAL INCOME		<u>500,635</u>	<u>5,700,858</u>	<u>1,934,079</u>	<u>8,135,572</u>	<u>7,245,462</u>
EXPENDITURE ON:						
Charitable activities		<u>528,560</u>	<u>5,382,240</u>	<u>326,064</u>	<u>6,236,864</u>	<u>5,973,330</u>
TOTAL EXPENDITURE	8	<u>528,560</u>	<u>5,382,240</u>	<u>326,064</u>	<u>6,236,864</u>	<u>5,973,330</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	(27,925) <u>595,617</u>	318,618 <u>589,636</u>	1,608,015 <u>(1,185,253)</u>	1,898,708 <u>-</u>	1,272,132 <u>-</u>
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		567,692	908,254	422,762	1,898,708	1,272,132
Actuarial gains/(losses) on defined benefit pension schemes	22	- <u>-</u>	923,000 <u>923,000</u>	- <u>-</u>	923,000 <u>923,000</u>	(679,000) <u>(679,000)</u>
NET MOVEMENT IN FUNDS		<u>567,692</u>	<u>1,831,254</u>	<u>422,762</u>	<u>2,821,708</u>	<u>593,132</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		(10,267) <u>(10,267)</u>	(1,574,000) <u>(1,574,000)</u>	13,513,807 <u>13,513,807</u>	11,929,540 <u>11,929,540</u>	11,336,408 <u>11,336,408</u>
TOTAL FUNDS CARRIED FORWARD		<u>557,425</u>	<u>257,254</u>	<u>13,936,569</u>	<u>14,751,248</u>	<u>11,929,540</u>

CHAUNCY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07694228

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		13,933,209		12,594,575
CURRENT ASSETS					
Debtors	15	220,152		743,859	
Cash at bank and in hand		2,207,118		2,506,561	
		<u>2,427,270</u>		<u>3,250,420</u>	
CREDITORS: amounts falling due within one year	16	<u>(750,760)</u>		<u>(2,290,544)</u>	
NET CURRENT ASSETS			<u>1,676,510</u>		<u>959,876</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,609,719</u>		<u>13,554,451</u>
CREDITORS: amounts falling due after more than one year	17		<u>(72,471)</u>		<u>(50,911)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>15,537,248</u>		<u>13,503,540</u>
Defined benefit pension scheme liability	22		<u>(786,000)</u>		<u>(1,574,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>14,751,248</u>		<u>11,929,540</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	1,043,254		-	
Restricted fixed asset funds	20	13,936,569		13,513,807	
Restricted income funds excluding pension liability		14,979,823		13,513,807	
Pension reserve		<u>(786,000)</u>		<u>(1,574,000)</u>	
Total restricted income funds			<u>14,193,823</u>		<u>11,939,807</u>
Unrestricted income funds	20		<u>557,425</u>		<u>(10,267)</u>
TOTAL FUNDS			<u>14,751,248</u>		<u>11,929,540</u>

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:

Dennis O'Sullivan, Head Teacher
Trustee



CHAUNCY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	<u>(577,331)</u>	<u>1,950,689</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		8,510	14,362
Proceeds from the sale of tangible fixed assets		1,920,000	-
Purchase of tangible fixed assets		(1,878,081)	(1,976,183)
Capital grants from DfE/ESFA		227,459	959,191
Net cash provided by/(used in) investing activities		<u>277,888</u>	<u>(1,002,630)</u>
Change in cash and cash equivalents in the year		(299,443)	948,059
Cash and cash equivalents brought forward		<u>2,506,561</u>	<u>1,558,502</u>
Cash and cash equivalents carried forward	19	<u><u>2,207,118</u></u>	<u><u>2,506,561</u></u>

CHAUNCY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principle 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.

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

1.2 Fund accounting

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

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

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

CHAUNCY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

All expenditure is inclusive of irrecoverable VAT.

CHAUNCY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Assets under construction	-	0%

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

CHAUNCY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

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

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 notes 16 and 17. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

CHAUNCY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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

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

1.14 Agency arrangement

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy does not have control over the charitable application of the funds. The academy does not deduct a fee for administering the bursary. The funds received and paid and any balances held are disclosed in note 25.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	1,300	-	-	1,300	8,115
Capital Grants	-	-	227,459	227,459	959,191
Profit on sale of fixed assets	-	-	1,706,620	1,706,620	-
	<u>1,300</u>	<u>-</u>	<u>1,934,079</u>	<u>1,935,379</u>	<u>967,306</u>
<i>Total 2016</i>	<u>8,115</u>	<u>-</u>	<u>959,191</u>	<u>967,306</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Rent of facilities	24,376	-	24,376	17,256
<i>Total 2016</i>	17,256	-	17,256	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Interest receivable	8,510	-	8,510	14,362
<i>Total 2016</i>	14,362	-	14,362	

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**NOTES TO THE FINANCIAL STATEMENTS
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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,351,833	5,351,833	5,518,579
Pupil Premium	-	172,300	172,300	181,333
Rates relief	-	19,214	19,214	19,094
	-	5,543,347	5,543,347	5,719,006
Other government grants				
Other government grants	-	62,218	62,218	64,661
NCTL grant income	-	92,213	92,213	25,000
	-	154,431	154,431	89,661
Other funding				
Trip income	146,726	-	146,726	97,826
Catering income	277,171	-	277,171	266,632
Music income	23,667	-	23,667	33,645
Other income	18,885	3,080	21,965	39,768
	466,449	3,080	469,529	437,871
	466,449	5,700,858	6,167,307	6,246,538
<i>Total 2016</i>	431,060	5,815,478	6,246,538	

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**NOTES TO THE FINANCIAL STATEMENTS
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6. DIRECT COSTS

	Educational activities £	Total 2017 £	Total 2016 £
Teaching and educational supplies	201,268	201,268	196,348
Examination fees	98,438	98,438	111,071
Staff development	58,870	58,870	30,489
Educational consultancy	420	420	390
Trip expenditure	144,310	144,310	91,616
Other direct costs	19,452	19,452	14,832
Premises maintenance costs	84,567	84,567	91,140
Technology costs	66,628	66,628	77,746
Printing, postage and stationery	57,997	57,997	45,166
Wages and salaries	3,050,773	3,050,773	3,126,769
National insurance	303,839	303,839	263,904
Pension cost	505,173	505,173	521,421
	<u>4,591,735</u>	<u>4,591,735</u>	<u>4,570,892</u>
<i>At 31 August 2016</i>	<u>4,570,892</u>	<u>4,570,892</u>	

7. SUPPORT COSTS

	Educational activities £	Total 2017 £	Total 2016 £
FRS102 pension expense	33,000	33,000	32,000
Recruitment	1,108	1,108	1,148
Premises maintenance costs	128,271	128,271	119,383
Rent and rates	42,671	42,671	48,896
Catering costs	204,205	204,205	195,277
Technology costs	3,443	3,443	2,876
Insurance costs	30,779	30,779	30,417
Heat and light costs	65,527	65,527	34,758
Printing, postage and stationery	24,574	24,574	37,346
Cleaning and caretaking costs	31,669	31,669	21,348
Professional fees	8,429	8,429	8,523
Other support costs	10,758	10,758	10,799
Governance	18,758	18,758	15,915
Wages and salaries	480,288	480,288	449,075
National insurance	34,230	34,230	27,157
Pension cost	201,355	201,355	113,897
Depreciation	326,064	326,064	253,623
	<u>1,645,129</u>	<u>1,645,129</u>	<u>1,402,438</u>
<i>At 31 August 2016</i>	<u>1,402,438</u>	<u>1,402,438</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. SUPPORT COSTS (continued)

During the year ended 31 August 2017, the academy incurred the following Governance costs: £18,758 (2016 - £15,915) included within the table above in respect of Educational activities.

8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational activities:					
Direct costs	3,859,785	84,567	647,383	4,591,735	4,570,892
Support costs	748,873	594,202	302,054	1,645,129	1,402,438
	<u>4,608,658</u>	<u>678,769</u>	<u>949,437</u>	<u>6,236,864</u>	<u>5,973,330</u>
<i>Total 2016</i>	<u>4,534,223</u>	<u>569,148</u>	<u>869,959</u>	<u>5,973,330</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	326,064	253,623
Auditor's remuneration	8,250	8,100
Auditor's remuneration - non-audit	5,150	3,513
	<u>339,464</u>	<u>265,236</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,528,137	3,541,757
Social security costs	338,069	291,061
Operating costs of defined benefit pension schemes	706,528	635,318
	4,572,734	4,468,136
Apprenticeship levy	1,153	-
Supply teacher costs	1,771	28,510
Staff restructuring costs	-	5,577
	4,575,658	4,502,223

Staff restructuring costs comprise:

Redundancy payments	-	5,577
	-	5,577

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

	2017 No.	2016 No.
Teachers	135	148
Administration and support	85	59
Management	5	5
	225	212
	225	212

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	79	84
Administration and support	22	15
Management	5	5
	106	104
	106	104

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	1	2
In the band £70,001 - £80,000	2	0
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	0

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS (continued)

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £48,640 (2016 - £32,862).

The key management personnel of the academy trust comprise the trustees and senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £500,021 (2016 - £514,327).

11. TRUSTEES' REMUNERATION AND EXPENSES

The highest paid Trustee received remuneration of £117,170 (2016 - £104,127).

The total employers pension expense for the highest paid Trustee at 31 August 2017 amounted to £15,047 (2016 - £10,010).

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

		2017	2016
		£	£
Dennis O'Sullivan (Headteacher)	Remuneration	115,000-120,000	100,000-105,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Michael Wathen	Remuneration	nil	25,000-30,000
	Pension contributions paid	nil	5,000-10,000
Linda Lang	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Kerianna Lester	Remuneration	25,000-30,000	0-5,000
	Pension contributions paid	0-5,000	0-5,000

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

12. OTHER FINANCE INCOME

	2017	2016
	£	£
Interest income on pension scheme assets	42,000	61,000
Interest on pension scheme liabilities	(75,000)	(93,000)
	<u>(33,000)</u>	<u>(32,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2016	11,955,273	49,521	179,168	107,965	1,494,235	3,786,162
Additions	236,160	-	68,803	12,359	1,560,758	1,878,080
Disposals	(213,382)	-	-	-	-	(213,382)
Transfer between classes	3,054,993	-	-	-	(3,054,993)	-
At 31 August 2017	<u>15,033,044</u>	<u>49,521</u>	<u>247,971</u>	<u>120,324</u>	<u>-</u>	<u>5,450,860</u>
Depreciation						
At 1 September 2016	939,151	34,919	109,552	107,965	-	1,191,587
Charge for the year	277,129	7,302	39,152	2,481	-	326,064
At 31 August 2017	<u>1,216,280</u>	<u>42,221</u>	<u>148,704</u>	<u>110,446</u>	<u>-</u>	<u>1,517,651</u>
Net book value						
At 31 August 2017	<u>13,816,764</u>	<u>7,300</u>	<u>99,267</u>	<u>9,878</u>	<u>-</u>	<u>3,933,209</u>
At 31 August 2016	<u>11,016,122</u>	<u>14,602</u>	<u>69,616</u>	<u>-</u>	<u>1,494,235</u>	<u>2,594,575</u>

Included within freehold property is land of £1,176,625 not depreciated.

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £94 (2016 - £94).

15. DEBTORS

	2017 £	2016 £
Trade debtors	13,163	8,287
Other debtors	42,970	171,070
Prepayments and accrued income	164,019	564,502
	<u>220,152</u>	<u>743,859</u>

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16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other loans	10,353	7,273
Trade creditors	125,995	431,477
Other taxation and social security	86,210	93,113
Other creditors	112,249	103,533
Accruals and deferred income	415,953	1,655,148
	750,760	2,290,544

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	1,356,373	81,477
Resources deferred during the year	85,951	1,356,373
Amounts released from previous years	(1,356,373)	(81,477)
Deferred income at 31 August 2017	85,951	1,356,373

At the balance sheet date the academy trust was holding funds received in advance for trips taking place in the 2017/18 academic year.

17. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	72,471	50,911

Other government grants repayable is made up of two Condition Improvement Fund (CIF) Salix loans. The eight year loans are interest free and unsecured.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. 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)	1,898,708	1,272,132
Adjustment for:		
Interest received	(8,510)	(14,362)
Depreciation	326,064	253,623
Profit on the sale of fixed assets	(1,706,620)	-
Decrease/(increase) in debtors	523,707	(616,037)
(Decrease)/increase in creditors	(1,518,221)	1,966,524
Capital grants from DfE and other capital income	(227,459)	(959,191)
Defined benefit pension scheme finance cost less employers contribution	135,000	48,000
Net cash (used in)/provided by operating activities	(577,331)	1,950,689

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	990,648	396,417
Notice deposits (less than 3 months)	1,216,470	2,110,144
Total	2,207,118	2,506,561

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

20. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	(10,267)	500,635	(528,560)	595,617	-	557,425
Restricted funds						
General Annual Grant (GAG)	-	5,351,833	(4,898,215)	672,460	-	1,126,078
Pupil Premium	-	172,300	(172,300)	-	-	-
Other DfE Funding	-	19,214	(19,214)	-	-	-
Other government grants	-	154,431	(154,431)	-	-	-
Other Restricted Income	-	3,080	(3,080)	-	-	-
Salix loan	-	-	-	(82,824)	-	(82,824)
Pension reserve	(1,574,000)	-	(135,000)	-	923,000	(786,000)
	<u>(1,574,000)</u>	<u>5,700,858</u>	<u>(5,382,240)</u>	<u>589,636</u>	<u>923,000</u>	<u>257,254</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	12,594,575	-	(326,064)	1,664,698	-	13,933,209
DFC grant	996	22,579	-	(23,575)	-	-
CIF funding	918,236	204,880	-	(1,119,756)	-	3,360
Profit on Land disposal	-	1,706,620	-	(1,706,620)	-	-
	<u>13,513,807</u>	<u>1,934,079</u>	<u>(326,064)</u>	<u>(1,185,253)</u>	<u>-</u>	<u>13,936,569</u>
Total restricted funds	<u>11,939,807</u>	<u>7,634,937</u>	<u>(5,708,304)</u>	<u>(595,617)</u>	<u>923,000</u>	<u>14,193,823</u>
Total of funds	<u>11,929,540</u>	<u>8,135,572</u>	<u>(6,236,864)</u>	<u>-</u>	<u>923,000</u>	<u>14,751,248</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	588,202	470,793	(473,645)	(595,617)	-	(10,267)
	<u>588,202</u>	<u>470,793</u>	<u>(473,645)</u>	<u>(595,617)</u>	<u>-</u>	<u>(10,267)</u>

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20. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	702,853	5,815,478	(5,177,724)	(1,340,607)	-	-
Bursary Fund	20,338	-	(20,338)	-	-	-
Pension Reserve	(847,000)	-	(48,000)	-	(679,000)	(1,574,000)
	<u>(123,809)</u>	<u>5,815,478</u>	<u>(5,246,062)</u>	<u>(1,340,607)</u>	<u>(679,000)</u>	<u>(1,574,000)</u>

Restricted fixed asset funds

Restricted Fixed Asset Funds	10,872,015	-	(253,623)	1,976,183	-	12,594,575
DFC grant	-	22,489	-	(21,493)	-	996
CIF funding	-	936,702	-	(18,466)	-	918,236
	<u>10,872,015</u>	<u>959,191</u>	<u>(253,623)</u>	<u>1,936,224</u>	<u>-</u>	<u>13,513,807</u>
Total restricted funds	<u>10,748,206</u>	<u>6,774,669</u>	<u>(5,499,685)</u>	<u>595,617</u>	<u>(679,000)</u>	<u>11,939,807</u>
Total of funds	<u>11,336,408</u>	<u>7,245,462</u>	<u>(5,973,330)</u>	<u>-</u>	<u>(679,000)</u>	<u>11,929,540</u>

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

The General Annual Grant (GAG) fund relates to the Academy's operational activities.

The 16-19 Bursary fund relates to brought forward funds the academy will allocate to students on the ESFA's behalf as described in note 25.

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

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

In the year ending 31 August 2016, the academy incurred significant capital expenditure for which the income had not been received. As a result, a transfer was made out of unrestricted funds and restricted GAG funds into restricted fixed asset funds. In the year ending 31 August 2017, the income was received into restricted fixed asset funds and therefore the academy shows a transfer back into unrestricted funds and restricted GAG funds. The transfer during the year ending 31 August 2017 has been limited to the level of transfers made in the year ending 31 August 2016.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	13,933,209	13,933,209
Current assets	557,425	1,866,485	3,360	2,427,270
Creditors due within one year	-	(750,760)	-	(750,760)
Creditors due in more than one year	-	(72,471)	-	(72,471)
Provisions for liabilities and charges	-	(786,000)	-	(786,000)
	<u>557,425</u>	<u>257,254</u>	<u>13,936,569</u>	<u>14,751,248</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	12,594,575	12,594,575
Current assets	1,611,918	719,270	919,232	3,250,420
Creditors due within one year	(1,622,185)	(668,359)	-	(2,290,544)
Creditors due in more than one year	-	(50,911)	-	(50,911)
Provisions for liabilities and charges	-	(1,574,000)	-	(1,574,000)
	<u>(10,267)</u>	<u>(1,574,000)</u>	<u>13,513,807</u>	<u>11,929,540</u>

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £74,462 were payable to the schemes at 31 August 2017 (2016 - £77,185) 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,

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22. PENSION COMMITMENTS (continued)

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:

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

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

The employer's pension costs paid to TPS in the period amounted to £411,627 (2016 - £426,366).

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

Under the definitions set out in FRS 102, the TPS is 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 £239,000 (2016 - £236,000), of which employer's contributions totalled £194,000 (2016 - £191,000) and employees' contributions totalled £45,000 (2016 - £45,000). The agreed contribution rates for future years are 25.2% for employers and 5.5% to 12.5% for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Expected return on scheme assets at 31 August	2.50 %	2.00 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,637,000	1,267,000
Debt Instruments	630,000	563,000
Property	176,000	141,000
Cash	76,000	40,000
Total market value of assets	<u>2,519,000</u>	<u>2,011,000</u>

The actual return on scheme assets was £314,000 (2016 - £261,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Current service cost	(296,000)	(207,000)
Interest income	42,000	61,000
Interest cost	(75,000)	(93,000)
	<u> </u>	<u> </u>
Total	(329,000)	(239,000)
	<u> </u>	<u> </u>
Actual return on scheme assets	314,000	261,000
	<u> </u>	<u> </u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,585,000	2,400,000
Current service cost	296,000	207,000
Interest cost	75,000	93,000
Employee contributions	45,000	45,000
Actuarial (gains)/losses	(651,000)	879,000
Benefits paid	(45,000)	(39,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	3,305,000	3,585,000
	<u> </u>	<u> </u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,011,000	1,553,000
Interest income	42,000	61,000
Actuarial losses	272,000	200,000
Employer contributions	194,000	191,000
Employee contributions	45,000	45,000
Benefits paid	(45,000)	(39,000)
	<u> </u>	<u> </u>
Closing fair value of scheme assets	2,519,000	2,011,000
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. 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 £
Amounts payable:		
Within 1 year	9,232	5,992
Between 1 and 5 years	25,689	2,815
Total	<u>34,921</u>	<u>8,807</u>

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

There were no transactions with related parties during the period.

25. AGENCY ARRANGEMENT

The academy distributes 16-19 bursary funds to students as an agent for the ESFA. For the year ended 31 August 2017, the academy received £14,298 and disbursed £5,505 from the fund. An amount of £34,556 is included in other creditors relating to undistributed funds that may be repayable to the ESFA.

26. CONTROLLING PARTY

In the opinion of the governors there is no ultimate controlling party.

27. 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.