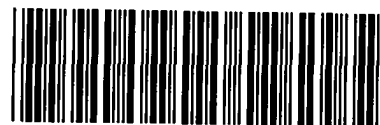

CHAUNCY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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CHAUNCY SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees	Robert Watson, Chair ¹ Miles Ambler ² Louise Brace ² Libby Bryne-Grey ² Martin Butcher ² Andrew Caisey ² Mandy Challis (resigned 11 December 2015) ³ Richard Hallman (resigned 27 September 2016) ² Posy Hill-Williams (resigned 28 September 2016) ² Amanda King ² Linda Lang ⁴ Fiona Martin ² Rosalind McFiggans (resigned 29 April 2016) ⁴ Dennis O'Sullivan, Head Teacher ² Michael Wathen (resigned 5 September 2016) ⁴ Mark Wilkinson ² Kerianna Lester (appointed 1 July 2016) ⁴
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- 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 Chartered Accountants Statutory Auditor Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP

CHAUNCY SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Bankers

Lloyds Bank PLC
3 Town Square
Stevenage
Hertfordshire
SG1 1BG

CHAUNCY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The Trustee 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 1027 in the school census of October 2016.

Structure, governance and management

a. CONSTITUTION

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

The charitable company's Memorandum 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 .

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. 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, Member Governors.

The current composition of Trustees includes:-

Mr Robert Watson (Chair)
Mr Andrew Caisey
Mr Dennis O'Sullivan (Head Teacher)
Mr Michael Wathen
Mr Mark Wilkinson

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. 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.

e. 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.

CHAUNCY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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)
Mr Robert Watson
Miss Mandy Challis (Resigned 11th December 2015)
Mrs Amanda King
Mr Mark Wilkinson
Mrs Linda Lang
Mr Michael Wathen (Resigned 5th September 2016)
Mr Dennis O'Sullivan (Head Teacher)

Review & Development Committee

Mr Richard Hallman (R&D Chair) (Resigned 27th September 2016)
Mr Miles Ambler
Mrs Louise Brace
Mr Martin Butcher
Mrs Libby Byne-Grey
Mrs Posy Hill-Williams (Resigned 28th September 2016)
Mrs Fiona Martin
Mrs Rosalind McFigganss (Resigned 29th April 2016)

g. 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 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.

CHAUNCY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

h. 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.

Objectives and Activities

a. OBJECTS AND AIMS

The School's objective is to advance for the public benefit education for children aged 11-18 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. OBJECTIVES, STRATEGIES AND ACTIVITIES

The School's objectives for the period ending 31 August 2016 are summarised in the following policies.

CHAUNCY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

Achievement of Pupils

Progress 8 score of 0.25+, in spite of a new points system which favours schools with high ability intake.

45% A* - C + English/Maths, exceeding FFT20

45% A* - 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

Teaching

All lessons at least meet 'good' criteria with increasing % 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.

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.

School building plan for sports Hall and improvements to the current site realised

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. 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.

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

The school was inspected by Ofsted on the 23-24 January 2013. This inspection was rated as Good (2).

Achievement of Pupils	Good	2
Quality of teaching	Good	2
Behaviour and safety of Pupils	Outstanding	1
Leadership and Management	Good	2

This is a good school.

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. REVIEW OF ACTIVITIES

Summary of Achievement 2016 (National 2015)

Key Stage 4

Points and Percentages

% 5 A* - C	80% (66%)	Girls 89%, Boys 73%
% 5 A* - G	99% (94%)	
% 1 A* - G	100%	
Average TPS	445 (362)	Average TPS (Top 8) 342 (307)
		Average APS (Top 8) 42.9

Including English and Maths

% 5 A* - C +EM	64%*	National 2015 - 56%, 2010 - 64%, 2011 - 60%, 2012 - 55%, 2013 - 70%, 2014 - 71% (63% on first entries), 2015 - 63%
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*Actual results. 60% on first time entries.

New Measures

	Chauncy 2016	National 2015
Progress 8	0.5	-0.03
Attainment 8	5.36	48.4
%A* - C EM	68%	58%
EBacc	29%	24%

Value Added

Capped APS vs. FFTA	0.52	Average of ½ grade per entry beyond that achieved in the top 50% of schools nationally
Capped APS vs. FFTD	0.2	Average of 0.2 grade per entry beyond that achieved in the top 25% of schools nationally.

Progress by Year

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
% 5+ A* - C	79	82	87	90	84	91	90	78*	77*	80
+EM	61	54	54	64	60	55	70	71*	64*	64*
1st Entries								63*	63*	60*

*Changing rules on first entry, discounting and changes to exams means that comparisons with previous years must be undertaken with care

3 Levels of Progress (Expected)

	Chauncy 2016	Chauncy 2015	Chauncy 2014	Chauncy 2013	National 2015
English	91%	77%	89%	77%	69%
Maths	71%	75%	77%	79%	66%

4 Levels of Progress (Better than Expected)

	Chauncy 2016	Chauncy 2014	Chauncy 2014	Chauncy 2013	National 2015
English	52%	32%	38%	28%	30%
Maths	21%	35%	29%	41%	30%

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Comments

- Students completing KS4 in 2016 joined the school with an average KS2 points score of 26.9 and an average CAT score of 97.3, representing an intake profile that was below the national average.
- 64% of students left the school 5+ A* - C grades including English and Maths, which is significantly above national 2015.
- The % of students achieving 5+ A* - C GCSE grades rose from 77% to 80% against a national drop to 67%.
- Value added for the year group is strong, generating an impressive headline Progress 8 score of 0.5.
- The average point score was 342 (old points), capped at the top 8, which is well above national outcomes in 2016.
- A stunning 89% (87% on first entries) of students achieved A* - C in English which is well above national outcomes. 72% (68% on first entries) of students achieved A* - C in Maths, which was in line with national outcomes. The Progress 8 score was an excellent 0.48 in English and 0.04 in Maths, rising to 0.12 on best entries.
- 36 students achieved a C+ in English but not Maths. 8 students achieved a C+ in maths but not English.
- Whilst students have achieved broadly in line with national outcomes in maths, we are disappointed with these results from a usually strong performing area of the curriculum. All angles will be explored, issues identified and addressed.
- 50% of disadvantaged students achieved A* - C grades in English and Maths and a Progress 8 score of 0.12, rising to 0.16 on best entries.
- Girls performed better than boys in the majority of areas and achieved a Progress 8 score of 0.65, although the boys' Progress 8 score of 0.38 is also strong.
- High, middle and low ability groups achieved strong, positive Progress 8 scores.
- The Progress 8 score for the EBacc element was strong at 0.7. The Progress 8 score for the open element was also high at 0.58.
- 29% of those students achieved the EBacc, compared to 24% nationally in 2015.
- Achievement across the curriculum is very strong, with the vast majority of subjects achieving beyond national expectation, as can be seen in the chart below:
- Contributing factors to success were:

Fine grading, targeted intervention, DTT, intensive exam preparation

Extension of PiXL strategies into all subject areas

Strategic early entry

Calm and purposeful ethos throughout year, with students embracing the strategies offered to help them to achieve

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key Stage 5 2016 (National 2015 for all schools)

GCSE Baseline	2016	2015
Overall –	43.7	44.9
Academic –	44.1	45.5
Vocational –	41.2	42.2

A Level and Vocational

			SCAAT	
% A* - E	100%	Average TPS	756.2	(717.8)
% A* - B or D/D*	51%	Average Entry	220.1	(215.9)
% A* - C or D/D*	74%			

Academic Level FTE

			SCAAT	
% A* - E	100%	Average Entry	768.4	(785.4)
% A* - B	43%	Average TPS	214.1 (C)	(216.4)
% A* - C	72%			

Vocational FTE

			SCAAT	
% pass	98%	Average Entry	792.3	(577)
% D/D*	75%	Average TPS	234.2 (D+)	(219.4)

- Students completing KS5 in 2016 had an average GCSE APS score of 43.7 (44.9 in 2015). This equates to an average GCSE grade of between C and B, and represents our inclusive approach to the 6th form at Chauncy.
- 2016 has seen an improvement in the overall average points per entry, in spite of students' lower GCSE scores. This represents strong achievement that will be reflected in value added measures.
- 43% of students achieved A* - B grades in academic qualifications, with an APS of 2014.1, equating to a C grade. Achievement in academic subjects was good and it was particularly pleasing to see EPQ results up to their previous high level.
- Vocational point scores were at a record high of 234.2, equating to a Distinction+, again in spite of lower GCSE point scores.
- High achievement by middle ability students at KS4 means that many of them subsequently aspire to further study in the 6th form. We face a great challenge in enabling these students to succeed at KS5, particularly in the more traditional academic A Level subjects. On the other hand, our success at KS4 with white, working class boys and the development of Level 3 vocational learning routes has resulted in the recruitment, retention and achievement of this particularly susceptible cohort at post 16. This is especially relevant given the selective practices of neighbouring schools.
- The full value added analysis can be seen on the 'How Well Are We Doing 2016?' booklet.

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key Stage 3

Chauncy has moved away from the traditional Key Stage 3 curriculum, offering students the opportunity to take an early GCSE in Statistics at end of Year 9. Students also started the KS4 Science curriculum in November of Year 9, improving their prospect of achieving 2 or more GCSEs in Science by the end of Key Stage 4. Reporting at the end of KS3 is therefore different for the 3 core subjects.

English (Summer 2016)TA		DISADVANTAGED
Level 5+	93%	84%
Level 6+	67%	47%

Maths (Summer 2016)	FFT50	FFT2	Actual
% A* - C Statistics	72%	79%	73%

Equating this to Levels gives:

Level 5+	92%
Level 6+	73%

73% of students will begin Year 10 with a GCSE A* - C grade in Statistics. The self-belief and motivation that this brings cannot be underestimated and we will continue with the early entry policy, even when the DfE refuses to recognise such exceptional achievement in performance tables during the transition from 'legacy' exams to the new courses.

In the future, students at Key Stage 3 must make even more rapid and sustained progress, particularly in reading and writing, if they are to achieve well in the new, more challenging GCSE exams from 2017.

Year 10 Science

All students in Year 10 were entered for either GCSE Core Science or GCSE Chemistry. The excellent achievement indicated below is further testament to our early entry policy.

	FFT50	FFT20	FFT5	Chauncy
% A* - C	61%	69%	77%	78%

Financial review

a. 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.

CHAUNCY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. FINANCIAL REVIEW

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 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 EFA. 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 2016, total expenditure of £5,973,300 (2015: £5,979,922) was more than covered by recurrent grant funding from the EFA together with other incoming resources, the excess of income over expenditure for the period (excluding restricted fixed asset funds) was £566,564 (2015: £461,937)

At 31 August 2016 the net book value of fixed assets was £12,594,575 (2015: £10,872,015) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 and 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 Funding Agency (EFA) 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 Education Funding Agency (EFA) funding is not communicated in a timely fashion and/or is significantly lower than planned for then this could have adverse financial implications for the 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.

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. RESERVES POLICY

The level of reserves held at 31 August 2016 total £11,929,541 (2015: £11,336,409). 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 deficit of £10,266 on unrestricted funds after significant capital expenditure in 2016 and the level of unspent capital grants held at the 31 August 2016. This situation is largely attributable to the fact capital expenditure in 2016 is to be funded by the sale of land, the income for which will be recognised on completion. Completion occurred in October 2016 and therefore the academy expects to recognise income of almost £1.3m in the accounts for the financial year ending 31 August 2017. As a result, the Trustees do not consider the fund to be materially in deficit and expect the fund to return to surplus in the following year.

e. 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.

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.

The school is currently building a new sports hall and 8 class rooms which is due for completion in early February 2017. The school is also currently replacing the roof and is due to complete in February 2017.

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

CHAUNCY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as that Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that the Trustees have taken all the steps that ought to have been taken as a 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.

This report was approved by order of the board of trustees as the company directors, on 23 November 2016 and signed on its behalf by:



.....
Robert Watson, Chair
Chair of Trustees

CHAUNCY SCHOOL
(A company limited by guarantee)

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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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
Louise Brace	4	6
Libby Bryne-Grey	6	6
Martin Butcher	5	6
Andrew Caisey	5	6
Mandy Challis	1	2
Richard Hallman	5	6
Posy Hill-Williams	3	6
Amanda King	5	6
Linda Lang	3	6
Fiona Martin	6	6
Rosalind McFiggans	4	4
Dennis O'Sullivan, Head Teacher	6	6
Michael Wathen	6	6
Mark Wilkinson	5	6
Kerianna Lester	1	1

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

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	5	6
Robert Watson	4	6
Mandy Challis	1	1
Amanda King	5	6
Mark Wilkinson	6	6
Linda Lang	3	6
Michael Wathen	6	6
Dennis O'Sullivan, Head Teacher	6	6

CHAUNCY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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
Richard Hallman	6	6
Miles Ambler	6	6
Louise Brace	3	6
Libby Bryne-Grey	5	6
Posy Hill-Williams	2	6
Fiona Martin	5	6
Rosalind McFiggans	4	4
Martin Butcher	4	6
Kerianna Lester	1	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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. The Accounting Officer for the academy has delivered improved value for money during the year by:

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 2015 to 31 August 2016 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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

CHAUNCY SCHOOL
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GOVERNANCE STATEMENT (continued)

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

There were three audits carried out by the peer reviewer in the financial year and a report provided to the Finance Committee. The reviewer's recommendations were implemented following their review. The next peer review is planned for autumn 2016. There were no material control issues arising as a result of the reviewer's work.

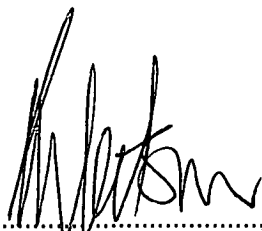
REVIEW OF EFFECTIVENESS

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

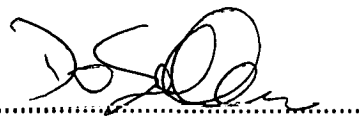
- the work of the peer reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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 23 November 2016 and signed on their behalf, by:



.....
Robert Watson
Chair of Trustees



.....
Dennis O'Sullivan
Accounting Officer

CHAUNCY SCHOOL
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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 Funding Agency of material irregularity, impropriety and non compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 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 EFA.



.....
Dennis O'Sullivan
Accounting Officer

Date: 23 November 2016

CHAUNCY SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:



Robert Watson
Chair of Trustees

Date: 23 November 2016

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

We have audited the financial statements of Chauncy School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Alexander Bottom ACA

Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date:

12th December 2016

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

In accordance with the terms of our engagement letter dated 21 June 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Chauncy School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chauncy School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Chauncy School and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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.

CHAUNCY SCHOOL
(A company limited by guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 12th December 2016

CHAUNCY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	8,115	-	959,191	967,306	31,840
Charitable activities	5	431,060	5,815,478	-	6,246,538	6,116,724
Other trading activities	3	17,256	-	-	17,256	19,862
Investments	4	14,362	-	-	14,362	9,142
TOTAL INCOME		470,793	5,815,478	959,191	7,245,462	6,177,568
EXPENDITURE ON:						
Charitable activities		473,645	5,246,062	253,623	5,973,330	5,979,922
TOTAL EXPENDITURE	8	473,645	5,246,062	253,623	5,973,330	5,979,922
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	(2,852) (595,617)	569,416 (1,340,607)	705,568 1,936,224	1,272,132 -	197,646 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(598,469)	(771,191)	2,641,792	1,272,132	197,646
Actuarial losses on defined benefit pension schemes	22	-	(679,000)	-	(679,000)	(1,000)
NET MOVEMENT IN FUNDS		(598,469)	(1,450,191)	2,641,792	593,132	196,646
RECONCILIATION OF FUNDS:						
Total funds brought forward		588,203	(123,809)	10,872,015	11,336,409	11,139,763
TOTAL FUNDS CARRIED FORWARD		(10,266)	(1,574,000)	13,513,807	11,929,541	11,336,409

CHAUNCY SCHOOL
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REGISTERED NUMBER: 07694228


BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		12,594,575		10,872,015
CURRENT ASSETS					
Debtors	15	743,861		127,824	
Cash at bank and in hand		2,506,561		1,558,502	
		<u>3,250,422</u>		<u>1,686,326</u>	
CREDITORS: amounts falling due within one year	16	<u>(2,290,545)</u>		<u>(374,932)</u>	
NET CURRENT ASSETS			<u>959,877</u>		<u>1,311,394</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,554,452</u>		<u>12,183,409</u>
CREDITORS: amounts falling due after more than one year	17		<u>(50,911)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>13,503,541</u>		<u>12,183,409</u>
Defined benefit pension scheme liability	22		<u>(1,574,000)</u>		<u>(847,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,929,541</u></u>		<u><u>11,336,409</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	-		723,191	
Restricted fixed asset funds	18	13,513,807		10,872,015	
		<u>13,513,807</u>		<u>11,595,206</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(1,574,000)</u>		<u>(847,000)</u>	
Total restricted income funds			<u>11,939,807</u>		<u>10,748,206</u>
Unrestricted income funds	18		<u>(10,266)</u>		<u>588,203</u>
TOTAL FUNDS			<u><u>11,929,541</u></u>		<u><u>11,336,409</u></u>

CHAUNCY SCHOOL
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on 23 November 2016 and are signed on their behalf, by:



.....
Robert Watson, Chair
Chair of Trustees

The notes on pages 30 to 50 form part of these financial statements.

CHAUNCY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>1,950,689</u>	<u>546,215</u>
Cash flows from investing activities:			
Interest received		14,362	9,142
Purchase of tangible fixed assets		(1,976,183)	(133,306)
Capital grants from DfE/EFA		<u>959,191</u>	<u>-</u>
Net cash used in investing activities		<u>(1,002,630)</u>	<u>(124,164)</u>
Change in cash and cash equivalents in the year		948,059	422,051
Cash and cash equivalents brought forward		<u>1,558,502</u>	<u>1,136,451</u>
Cash and cash equivalents carried forward	21	<u><u>2,506,561</u></u>	<u><u>1,558,502</u></u>

CHAUNCY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Chauncy School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Chauncy School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 there is certainty of receipt and the amount can be reliably measured.

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

1.4 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.

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

All resources expended are inclusive of irrecoverable VAT.

CHAUNCY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Motor vehicles	-	4 years
Fixtures and fittings	-	5 years
Computer equipment	-	3 years

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.

1.8 Interest receivable

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

CHAUNCY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 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.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash with a short maturity of 32 days or less from the date of opening of the deposit or similar account.

1.12 Liabilities and provisions

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

1.13 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Pensions

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

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

CHAUNCY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.15 Agency arrangement

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA 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.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	8,115	-	-	8,115	11,336
Capital Grants	-	-	959,191	959,191	20,504
	<u>8,115</u>	<u>-</u>	<u>959,191</u>	<u>967,306</u>	<u>31,840</u>
Total donations and capital grants	<u>8,115</u>	<u>-</u>	<u>959,191</u>	<u>967,306</u>	<u>31,840</u>

In 2015, of the total income from donations and capital grants, £11,336 was to unrestricted funds and £20,504 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rent of facilities	17,256	-	17,256	19,862
	<u>17,256</u>	<u>-</u>	<u>17,256</u>	<u>19,862</u>

In 2015, of the total income from other trading activities, £19,862 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest receivable	14,362	-	14,362	9,142
	<u>14,362</u>	<u>-</u>	<u>14,362</u>	<u>9,142</u>

In 2015, of the total investment income, £9,142 was to unrestricted funds and £ NIL was to restricted funds.

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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,518,579	5,518,579	5,378,953
Other DfE grants	-	44,094	44,094	18,332
Pupil Premium	-	181,333	181,333	185,812
	<u>-</u>	<u>5,744,006</u>	<u>5,744,006</u>	<u>5,583,097</u>
Other government grants				
Other government grants	-	64,661	64,661	43,511
	<u>-</u>	<u>64,661</u>	<u>64,661</u>	<u>43,511</u>
Other funding				
Trip income	97,826	-	97,826	152,214
Catering income	266,632	-	266,632	260,651
Music income	33,645	-	33,645	36,266
Other income	32,957	6,811	39,768	40,985
	<u>431,060</u>	<u>6,811</u>	<u>437,871</u>	<u>490,116</u>
	<u>431,060</u>	<u>5,815,478</u>	<u>6,246,538</u>	<u>6,116,724</u>

In 2015, of the total income from charitable activities, £479,578 was to unrestricted funds and £5,637,146 was to restricted funds.

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6. DIRECT COSTS

	Educational activities £	Total 2016 £	Total 2015 £
Teaching and educational supplies	196,348	196,348	207,027
Examination fees	111,071	111,071	111,598
Staff development	30,489	30,489	25,677
Educational consultancy	390	390	360
Trip expenditure	91,616	91,616	146,272
Other direct costs	14,832	14,832	22,274
Premises maintenance costs	91,140	91,140	79,926
Technology costs	77,746	77,746	73,911
Printing, postage and stationery	45,166	45,166	33,873
Wages and salaries	3,126,769	3,126,769	3,115,485
National insurance	263,904	263,904	229,725
Pension cost	521,421	521,421	468,454
	<u>4,570,892</u>	<u>4,570,892</u>	<u>4,514,582</u>

In 2015, the academy incurred the following Direct costs:

£4,514,582 in respect of Educational activities

7. SUPPORT COSTS

	Educational activities £	Total 2016 £	Total 2015 £
FRS17 pension expense	32,000	32,000	30,000
Recruitment	1,148	1,148	884
Premises maintenance costs	119,383	119,383	106,731
Rent and rates	48,896	48,896	43,775
Catering costs	195,277	195,277	207,726
Technology costs	2,876	2,876	1,356
Insurance costs	30,417	30,417	70,064
Heat and light costs	34,758	34,758	50,209
Printing, postage and stationery	37,346	37,346	21,985
Cleaning and caretaking costs	21,348	21,348	19,924
Professional fees	11,481	11,481	12,304
Other support costs	15,656	15,656	29,498
Auditor's remuneration	8,100	8,100	7,750
Wages and salaries	449,075	449,075	443,278
National insurance	27,157	27,157	24,206
Pension cost	113,897	113,897	110,855
Depreciation	253,623	253,623	284,795
	<u>1,402,438</u>	<u>1,402,438</u>	<u>1,465,340</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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7. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£15,915 (2015 - £15,005) included within the table above in respect of Educational activities.

In 2015, the academy incurred the following Support costs:
£1,465,340 in respect of Educational activities

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational activities:					
Direct costs	3,912,094	91,140	567,658	4,570,892	4,514,582
Support costs	622,129	478,008	302,301	1,402,438	1,465,340
	<u>4,534,223</u>	<u>569,148</u>	<u>869,959</u>	<u>5,973,330</u>	<u>5,979,922</u>

In 2016, of the total expenditure, £473,645 (2015 - £526,252) was to unrestricted funds and £5,499,685 (2015 - £5,453,670) was to restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	253,623	284,795
Auditor's remuneration	8,100	7,750
Auditor's remuneration - non-audit	<u>3,513</u>	<u>2,950</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,541,757	3,553,851
Social security costs	291,061	253,931
Operating costs of defined benefit pension schemes	635,318	579,309
	<u>4,468,136</u>	<u>4,387,091</u>
Supply teacher costs	28,510	4,912
Staff restructuring costs	5,577	-
	<u><u>4,502,223</u></u>	<u><u>4,392,003</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u><u>5,577</u></u>	<u><u>-</u></u>
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The average number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	148	127
Administration and support	59	63
Management	5	5
	<u><u>212</u></u>	<u><u>195</u></u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	84	82
Administration and support	15	14
Management	5	5
	<u><u>104</u></u>	<u><u>101</u></u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	2
In the band £100,001 - £110,000	1	1

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Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £32,862 (2015: £33,889).

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 £514,327 (2015: £500,178).

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Trustees (2015 - 4) in respect of defined benefit pension schemes.

The highest paid Trustee received remuneration of £104,127 (2015 - £103,907).

The total value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid Trustee at 31 August 2016 amounted to £10,010 (2015 - £14,537).

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:

		2016 £	2015 £
Dennis O'Sullivan (Headteacher)	Remuneration	100,000-105,000	100,000-105,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Michael Wathen	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	5,000-10,000	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
Rosalind McFiggans	Remuneration	30,000-35,000	30,000-35,000
	Pension contributions paid	5,000-10,000	0-5,000
Kerianna Lester	Remuneration	0-5,000	
	Pension contributions paid	0-5,000	

During the year, no Trustees received any reimbursement of expenses (2015 - £43).

12. 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 2016 was £94 (2015 - £94).

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**NOTES TO THE FINANCIAL STATEMENTS
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13. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	61,000	51,000
Interest on pension scheme liabilities	(93,000)	(81,000)
	<u>(32,000)</u>	<u>(30,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £
Cost					
At 1 September 2015	11,419,639	49,521	179,168	107,965	53,686
Additions	-	-	-	-	1,976,183
Transfer between classes	535,634	-	-	-	(535,634)
At 31 August 2016	11,955,273	49,521	179,168	107,965	1,494,235
Depreciation					
At 1 September 2015	738,558	25,078	73,717	100,611	-
Charge for the year	200,593	9,841	35,835	7,354	-
At 31 August 2016	939,151	34,919	109,552	107,965	-
Net book value					
At 31 August 2016	11,016,122	14,602	69,616	-	1,494,235
At 31 August 2015	10,681,081	24,443	105,451	7,354	53,686
					Total £
Cost					
At 1 September 2015					11,809,979
Additions					1,976,183
Transfer between classes					-
At 31 August 2016					13,786,162
Depreciation					
At 1 September 2015					937,964
Charge for the year					253,623
At 31 August 2016					1,191,587
Net book value					
At 31 August 2016					12,594,575
At 31 August 2015					10,872,015

Included within freehold property is land of £1,390,008 not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

	2016 £	2015 £
Trade debtors	8,287	10,094
VAT recoverable	171,072	17,070
Prepayments and accrued income	564,502	100,660
	<u>743,861</u>	<u>127,824</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other government grants repayable	7,273	-
Trade creditors	431,477	-
Other taxation and social security	93,113	81,100
Other creditors	103,534	88,118
Accruals and deferred income	1,655,148	205,714
	<u>2,290,545</u>	<u>374,932</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	81,477	79,553
Resources deferred during the year	1,356,373	81,477
Amounts released from previous years	(81,477)	(79,553)
	<u>1,356,373</u>	<u>81,477</u>
Deferred income at 31 August 2016		

At the balance sheet date the academy trust was holding funds received in advance for trips taking place in the 2016/17 academic year and for the sale of land which will complete in October 2016.

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

	2016 £	2015 £
Other government grants repayable	50,911	-

Other government grants repayable is made up of a Condition Improvement Fund (CIF): Salix loan. The eight year loan is interest free and unsecured.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	588,203	470,793	(473,645)	(595,617)	-	(10,266)
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)
	(123,809)	5,815,478	(5,246,062)	(1,340,607)	(679,000)	(1,574,000)
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
	10,872,015	959,191	(253,623)	1,936,224	-	13,513,807
Total restricted funds	10,748,206	6,774,669	(5,499,685)	595,617	(679,000)	11,939,807
Total of funds	11,336,409	7,245,462	(5,973,330)	-	(679,000)	11,929,541

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

The General Annual Grant 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 EFA's behalf as described in note 25.

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

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

The academy shows a deficit of £10,266 on unrestricted funds after significant capital expenditure in 2016 and the level of unspent capital grants held at the 31 August 2016. This situation is largely attributable to the fact capital expenditure in 2016 is to be funded by the sale of land, the income for which will be recognised on completion. Completion occurred in October 2016 and therefore the academy expects to recognise income of almost £1.3m in the accounts for the financial year ending 31

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

August 2017. As a result, the Trustees do not consider the fund to be materially in deficit and expect the fund to return to surplus in the following year.

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 2016.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
	-	-	-	-	10,872,015
Tangible fixed assets	-	-	12,594,575	12,594,575	-
Current assets	1,611,918	719,270	919,232	3,250,420	1,686,326
Creditors due within one year	(1,622,184)	(668,359)	-	(2,290,543)	(374,932)
Creditors due in more than one year	-	(50,911)	-	(50,911)	-
Provisions for liabilities and charges	-	(1,574,000)	-	(1,574,000)	(847,000)
	<u>(10,266)</u>	<u>(1,574,000)</u>	<u>13,513,807</u>	<u>11,929,541</u>	<u>11,336,409</u>

**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	1,272,132	197,646
Adjustment for:		
Depreciation charges	253,623	284,795
Interest received	(14,362)	(9,142)
(Increase)/decrease in debtors	(616,037)	72,086
Increase/(decrease) in creditors	1,966,524	(44,170)
Capital grants from DfE and other capital income	(959,191)	-
Defined benefit pension scheme finance cost	48,000	45,000
Net cash provided by operating activities	<u>1,950,689</u>	<u>546,215</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	396,417	756,136
Notice deposits (less than 3 months)	2,110,144	802,366
Total	<u>2,506,561</u>	<u>1,558,502</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 2013.

Contributions amounting to £77,185 were payable to the schemes at 31 August 2016 (2015 - £72,636) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

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22. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £426,366 (2015 - £372,732).

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 2016 was £236,000 (2015 - £236,000), of which employer's contributions totalled £191,000 (2015 - £192,000) and employees' contributions totalled £45,000 (2015 - £44,000). The agreed contribution rates for future years are 26.1% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Expected return on scheme assets at 31 August	2.00 %	3.70 %
Rate of increase in salaries	3.60 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.7

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

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,267	963
Debt instruments	563	419
Property	141	109
Cash	40	62
Total market value of assets	<u>2,011</u>	<u>1,553</u>

The actual return on scheme assets was £261,000 (2015 - £65,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(207,000)	(207,000)
Net interest cost	(32,000)	(30,000)
Total	<u>(239,000)</u>	<u>(237,000)</u>
Actual return on scheme assets	<u>261,000</u>	<u>65,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	2,400,000	2,068,000
Current service cost	207,000	207,000
Interest cost	93,000	81,000
Contributions by employees	45,000	44,000
Actuarial losses	879,000	15,000
Benefits paid	(39,000)	(15,000)
Closing defined benefit obligation	<u>3,585,000</u>	<u>2,400,000</u>

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22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,553,000	1,267,000
Return on plan assets (excluding net interest on the net defined pension liability)	-	51,000
Interest income	61,000	-
Actuarial gains and (losses)	200,000	14,000
Contributions by employer	191,000	192,000
Contributions by employees	45,000	44,000
Benefits paid	(39,000)	(15,000)
Closing fair value of scheme assets	<u>2,011,000</u>	<u>1,553,000</u>

23. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	5,992	7,240
Between 1 and 5 years	2,815	6,332
Total	<u>8,807</u>	<u>13,572</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 EFA. For the year ended 31 August 2016, the academy received £16,843 and disbursed £5,977 from the fund. An amount of £25,763 is included in other creditors relating to undistributed funds that may be repayable to the EFA.

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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.

28. FIRST TIME ADOPTION OF FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		11,336,409	11,336,409
Total funds reported under FRS 102		<u>11,336,409</u>	<u>11,336,409</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		221,646
Change in recognition of LGPS interest cost	A	(24,000)
Net movement in income reported under FRS 102		<u>197,646</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Change in recognition of LGPS interest cost
	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £24,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.