

THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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



**THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**THE CHASE SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees

Miss Lillian Blakeley, Staff Governor²
Mr Martin Chick¹
Mrs Sarah Jane Green²
Mrs Mandy Ann Harding (resigned 31 August 2016)²
Mr Paul Hartwright²
Mr Jason Patrick Howell³
Mr David Julian Hutber (resigned 31 August 2016)²
Mr Richard Alexander Jacobs, Head Teacher^{1,2,3}
Dr Adam Edward Jennings, Staff Governor (resigned 23 March 2016)³
Mr Matthew John May, Chair¹
Mrs Lisa Jane Montandon, Vice Chair³
Mr Robert Norridge¹
Mr Donald James Pearce (resigned 31 August 2016)¹
Mr Douglas Ridley³
Mr Adrian William Thompson¹
Ms Beverly Aston (appointed 15 June 2016)³

- ¹ Finance and Premises Committee
² Curriculum Committee
³ Pastoral Committee

Company registered number 07800306

Company name The Chase School

Principal and registered office The Chase School
Geraldine Road
Malvern
Worcestershire
WR14 3NZ

Accounting Officer Mr Richard Alexander Jacobs

Leadership Group

Mike Fieldhouse, Deputy Head
James Harrington, Assistant Head
Richard Jacobs, Head Teacher / Accounting Officer
Sheila Wilson, Assistant Head
Mike Woods, Assistant Head
Vicky Watson, School Business Manager

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

**THE CHASE SCHOOL
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Malvern, Worcestershire. It has a pupil capacity of 1,679 and had a roll of 1,495 in the school census on 19 May 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of The Chase School are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Chase School.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

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 they ceased to be a member.

Trustees' Indemnities

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 £3,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 8 Trustees who are appointed by Members.
- up to 3 co-opted Trustees may be appointed by the Board of Governors.
- up to 1 LA Trustee who are appointed by the Local Authority.
- a minimum of 2 Parent Trustees who are elected by Parents of registered students at the Academy.
- up to one third of Trustees appointed by the Members may be staff
- the Headteacher who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four year period. This time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Members will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

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

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

There is a minimum of one Governors' training evening organised each year to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 committees as follows;

- Executive Committee - consisting of officers of the Full Board and the Headteacher. The Executive will meet once a term (at least) to determine the business of the following cycle of committee meetings. The Executive also serves to safeguard the constitution of the Full Board.
- Finance and Premises Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations
- Pastoral Committee - this meets once a term to consider all pastoral, welfare and discipline issues.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual School Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointment and dismissals

The Members and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team. The Senior Leadership Team comprises the Headteacher, Deputy Headteacher, three Assistant Headteachers (two from 1.9.16) and the Business Manager. The Senior Leadership Team implement the policies agreed by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, The Headteacher, the Senior Leadership Team and Faculty/Subject Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team manages the Academy at an executive level, implementing policies approved by the Governing Body and reporting back to them. The Finance Team, comprising the Headteacher, Deputy Headteacher and Business Manager, together with the Finance and Premises Committee, are responsible for the authorisation of spending within the agreed budgets. Some spending control is devolved to Budget Holders which is authorised by line managers. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts would normally include a Governor for posts above Main Scale.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Connected Organisations, including Related Party Relationships

The Academy has strong collaborative links with local feeder primary schools which form part of the local learning community.

There are no related parties which either control or significantly influence the decisions and operations of The Chase School. The Friends of the Chase is a formal Parent Teacher Association associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal aim of the Charitable Company is the operation of The Chase School; to provide free education and care for pupils of different abilities between the ages of 11 and 16 and for students aged 16-18 with high prior attainment.

The Chase School wants students to have happy lives.

To that end, The Chase School strives to ensure:

- A. They are confident in their abilities and gain self-esteem through their achievement
- B. They develop the ability to overcome challenges and dangers in their adult lives, be that physical, emotional, social or financial
- C. They are willing to adapt their behaviours according to changing circumstances
- D. They are respectful of the diverse contribution they and others make to our community
- E. They retain a desire to be an even better person than they are today
- F. They are protected from harm in their youth

The Chase School commits itself, therefore, to the maintenance of:

- A supportive and caring pastoral House system, committed to securing a culture of physical and mental well being
- A programme of healthily competitive and inclusive extra-curricular competitions and activities to ensure all students enjoy a sense of belonging and collective support and have opportunities to identify and develop a range of social, academic, creative and sporting skills
- A clear and consistent positive behaviour system that promotes spiritual and moral values, rewards supportive and mature behaviour, sets clear and firm boundaries against destructive and immature behaviour and identifies and addresses the causes of such negative behaviour
- A style of teaching and learning that engages all students in challenging learning opportunities, that promotes a belief that initial challenges can be overcome through continued endeavour and extends to all students the opportunity to gain a level of qualification that will help secure a future career that provides personal fulfilment and financial security

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

- A broad and balanced curriculum that allows students access to both university and apprenticeship courses
- A mutually supportive partnership between home and school in the pursuit of emotional and physical security and academic success and fulfilment for all students
- A mutually supportive partnership between the school and local primary schools in the pursuit of an effective pastoral and academic transition between sectors
- A programme of opportunities for our students to serve their community and find personal fulfilment in doing so
- A culture of wellbeing and safety for all staff, to enable them to give of their very best for our students
- A set of values that binds us together into a caring, supportive community (democracy; the rule of law; individual liberty; mutual respect for and tolerance of those with different faiths and beliefs and for those without faith)

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan (incorporating the post Ofsted Improvement Plan) which is available from the Academy Office. Improvement targets have been identified for this year under the four main OFSTED headings.

Achievement

- Disadvantaged students attain above the national average for their cohort group

Quality of Teaching

- To ensure consistency of good practice across the curriculum through a non-judgemental professional development system
- To incorporate effective questioning as a teaching tool to differentiate challenge experience for students

Behaviour and Attendance

- Increase attendance to above 96%, with a focus on improving attendance of disadvantaged students
- Pro-actively identify and remove barriers to attendance for disadvantaged students

Leadership and Management

- Develop a more effective transition programme
- Increase the opportunities for parents to be involved in the life of the school

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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

STRATEGIC REPORT

Achievements and Performance

OFSTED

The Chase received a full Ofsted inspection between 12-13th July 2016 and was judged by Ofsted to be a 'Good' school, with an 'Outstanding' Sixth Form. The Chase was previously inspected by Ofsted in February 2014. At that time it was judged to be 'Requiring Improvement', following three years of lower than expected examination results. The latest report praised the Leadership and Management of the school for making 'sustained improvements in leadership, teaching and outcomes since the previous inspection'. They praised Leaders and Governors for the 'clear vision' they have for the school, for the 'very strong commitment to equality of opportunity for all pupils' and for the 'rich experiences' they provide for students.

A Level Results

The Chase Sixth Form continues to enjoy successful outcomes, though lower than in previous years. 81% of students secured 3 grades A*-E, with an APS per entry of 220-1

GCSE Results

Key Stage 4 outcomes were very disappointing this year, securing -0.04, below national expectations. Female students achieved significantly lower than in previous years. There were less prior higher attainers in this year group than the school had been used to and a significantly higher number of students in the mid-range Prior Middle Attainment range.

Premises Management

The Academy was successful in securing £196,066 capital grant in 2014/15 to replace glazing in the Annexe site, this project was completed during 2015/16 providing additional security and energy efficiency to the Annexe. The school also secured further Capital Improvement Fund (CIF) investment of £217,489 together with £71,108 of Section 106 funding from the Local Authority to assist with reroofing and redevelopment of our gym and changing rooms incorporating improved disability access.

The school has utilised Devolved Formula Capital to refurbish the main hall. The revenue budget has funded capital improvements to our energy management system and the installation of solar panels, both to assist in long term energy usage reductions and financial savings.

Key Performance Indicators

Financial	2015-16 (£'000)	2014-15 (£'000)	Variance (£'000)
Brought forward from previous year	706	589	117
Revenue Income	7511	7572	-61
Revenue Expenditure (incl. RCCO*)	7561	7455	106
Carry forward to following year	656	706	-50
Net in-year change (deficit)	-50	117	-167
Capital Income (incl. RCCO)	322	306	16
Capital Expenditure	296	150	146
*Revenue Contributions to Capital (RCCO)	73	53	20
Attainment			
GCSE 5A*-C (With English & Maths)	62%	72%	-10%
A Level Students achieving at least 3 A*-E	81%	80%	1%
A Level Students achieving AAB or higher in at least 2 'facilitating' subjects	15%	16%	-1%
Student Numbers	October 2016 1365	October 2015 1510	-145

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

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.

FINANCIAL REVIEW

Financial Review

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

The Academy also receives grants for fixed assets from the DfE and 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, total expenditure of £7,889,910 was covered by recurrent grant funding from the DfE, together with other incoming resources of £7,824,490. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £13,605.

At 31 August 2016 the net book value of fixed assets was £12,454,975 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 23 to the financial statements.

Trustees have appointed Mr Chris Brooks to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 4 reports from the internal audit which contained no matters of significance.

Reserves Policy

The Trustees 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 Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £655,823, all of which is classified as free reserves. In the prior year the free reserves were £706,095.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Business Manager within strict guidelines approved by the Board of Trustees.

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

Principal Risks And Uncertainties

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The principal risks and uncertainties facing the Academy are as follows

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year almost all of the Academy's incoming resources were ultimately Government funded. The continued reduction in grant funding levels, including post 16 funding together with significant increases to employment costs i.e. pension and national insurance, means that budgets will be increasingly tight in coming years. Unless the national and local funding position improves there is a risk that our reserves could be fully utilised within 2 years.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings.

The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels, with a revived focus on providing pro-active pastoral care to remove the barriers to learning specific to disadvantaged students.

The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives through its commitment to a pro-active staff well being strategy.

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

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our School Development Plan, which is available on our website or from the Clerk to the Trustees.

Following the notification of a successful capital funding bid, the Academy will complete the refurbishment of the gym and changing rooms. The project is due for completion in November 2016.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 7/12/16 and signed on the board's behalf by:



**Mr Matthew John May
Chair of Trustees**

**THE CHASE SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Chase 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Chase 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 4 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
Miss Lillian Blakeley, Staff Governor	4	4
Mr Martin Chick	3	4
Mrs Sarah Jane Green	3	4
Mrs Mandy Ann Harding	4	4
Mr Paul Hartwright	4	4
Mr Jason Patrick Howell	4	4
Mr David Julian Hutber	3	4
Mr Richard Alexander Jacobs, Head Teacher	4	4
Dr Adam Edward Jennings, Staff Governor	2	3
Mr Matthew John May, Chair	3	4
Mrs Lisa Jane Montandon, Vice Chair	3	4
Mr Robert Norridge	3	4
Mr Donald James Pearce	3	4
Mr Douglas Ridley	3	4
Mr Adrian William Thompson	4	4
Ms Beverly Aston	1	1

Governance reviews:

Following a review of the skills of Governors conducted by the Chair of Governors, Governors have identified that they need to recruit a Governor with finance / auditing experience. They are currently seeking a suitable person to co-opt onto the Full Board.

The Finance and Premises Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances, resources and premises including proper planning, monitoring and probity.

The committee also makes appropriate comments and recommendations on such matters to the governing body on a regular basis.

Over the last academic year, the Finance and Premises Committee have continued to keep abreast of school funding issues; assess the impact of the forecast increases to employee related costs; and have considered the changing demography of the Malvern area, all with a view of ensuring the Full Board have the relevant data to assist in informing strategic decisions for the years ahead.

**THE CHASE SCHOOL
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Martin Chick	2	4
Mr Richard Alexander Jacobs, Head Teacher	4	4
Mr Matthew John May, Chair	2	4
Mr Robert Norridge	3	4
Mr Donald James Pearce	4	4
Mr Adrian William Thompson	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher 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:

- Student outcomes at KS3, 4 and 5 and quality of teaching have been improved by drawing upon the internal sharing of best practice and the introduction of the Masterclass teacher training programme, devised and delivered by senior management within the school. In addition, TLRs have been reduced and restructured to enable lower staffing costs; line management has been reformed to ensure higher levels of accountability and the support of an Outstanding secondary Teaching School has been secured to help improve outcomes in Mathematics and for Pupil Premium students without any cost to the school.
- The Trust continues to strive to seek future efficiencies and is currently re-examining alternative options of delivering the curriculum to continue raising both standards and to ensure the best value from the financial resources available. This has included seeking guidance and advice from the EFA and benchmarking with other schools. The school is in the process of introducing seminar teaching at Sixth Form to reduce the demand on staffing costs.
- Contracts, Service Level Agreements, leases and software licences are continuously reviewed and renegotiated to ensure the school is still receiving the optimum value for money. For example, during the previous 12 months we have improved energy usage and cost saving measures by bringing the computerised energy management system 'in-house' and investing in solar panels on our sports hall to assist in reducing energy bills the main school, whilst generating an additional source of income. We have also been able to manage IT infrastructure to decrease long term lease costs.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Chase 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.

GOVERNANCE STATEMENT (continued)

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

The Board of Trustees has considered the need for a specific internal audit function and has appointed Mr Chris Brooks as internal auditor for the academic year 15-16.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the auditor 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.

The Board of Trustees are satisfied that the internal auditor has delivered their schedule of work as planned and reported any findings and recommendations to the Board of Trustees. No material control issues were found.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- 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 Finance and Premises 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 7 December 2016 and signed on their behalf, by:



**Mr Matthew John May
Chair of Trustees**



**Mr Richard Alexander Jacobs
Accounting Officer**

**THE CHASE SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Chase 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.

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

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



**Mr Richard Alexander Jacobs
Accounting Officer**

Date: 7 December 2016

**THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**Mr Matthew John May
Chair of Trustees**

Date: 7/12/16

**THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF THE CHASE SCHOOL**

We have audited the financial statements of The Chase School for the year ended 31 August 2016 which comprise the Statement of financial activities, 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 Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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.

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.

**THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF THE CHASE SCHOOL**

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.



Andrew Wood FCCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *9th December 2016*

**THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CHASE SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 July 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 The Chase 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 The Chase School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Chase School and 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 The Chase School and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of The Chase School's funding agreement with the Secretary of State for Education dated 11 January 2012, 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 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CHASE
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.



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: *9th December 2016.*

THE CHASE 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	12,803	-	249,541	262,344	254,007
Charitable activities	3	31,059	7,494,909	-	7,525,968	7,541,469
Other trading activities	4	27,329	5,570	-	32,899	27,096
Investments	5	3,279	-	-	3,279	2,549
TOTAL INCOME		74,470	7,500,479	249,541	7,824,490	7,825,121
EXPENDITURE ON:						
Charitable activities		42,583	7,518,761	328,566	7,889,910	7,773,540
TOTAL EXPENDITURE	6	42,583	7,518,761	328,566	7,889,910	7,773,540
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	31,887	(18,282)	(79,025)	(65,420)	51,581
		-	(72,877)	72,877	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		31,887	(91,159)	(6,148)	(65,420)	51,581
Actuarial losses on defined benefit pension schemes	23	-	(1,355,000)	-	(1,355,000)	(121,000)
NET MOVEMENT IN FUNDS		31,887	(1,446,159)	(6,148)	(1,420,420)	(69,419)
RECONCILIATION OF FUNDS:						
Total funds brought forward		62,065	(1,808,970)	12,644,111	10,897,206	10,966,625
TOTAL FUNDS CARRIED FORWARD		93,952	(3,255,129)	12,637,963	9,476,786	10,897,206

The notes on pages 24 to 42 form part of these financial statements.

THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07800306

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		12,454,975		12,487,414
CURRENT ASSETS					
Stocks	14	955		2,200	
Debtors	15	200,739		119,887	
Cash at bank and in hand		1,211,204		1,253,092	
		<u>1,412,898</u>		<u>1,375,179</u>	
CREDITORS: amounts falling due within one year	16	(563,412)		(509,712)	
NET CURRENT ASSETS			<u>849,486</u>		<u>865,467</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,304,461</u>		<u>13,352,881</u>
CREDITORS: amounts falling due after more than one year	17		(10,675)		(2,675)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>13,293,786</u>		<u>13,350,206</u>
Defined benefit pension scheme liability	23		(3,817,000)		(2,453,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,476,786</u>		<u>10,897,206</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	561,871		644,030	
Fixed asset funds	19	12,637,963		12,644,111	
Restricted funds excluding pension liability		<u>13,199,834</u>		<u>13,288,141</u>	
Pension reserve		<u>(3,817,000)</u>		<u>(2,453,000)</u>	
Total restricted funds			<u>9,382,834</u>		<u>10,835,141</u>
Unrestricted funds	19		<u>93,952</u>		<u>62,065</u>
TOTAL FUNDS			<u>9,476,786</u>		<u>10,897,206</u>

**THE CHASE 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
and are signed on their behalf, by:



**Mr Matthew John May
Chair of Trustees**



**Mr Richard Alexander Jacobs
Accounting Officer / Head Teacher**

The notes on pages 24 to 42 form part of these financial statements.

THE CHASE 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	21	<u>1,419</u>	<u>109,018</u>
Cash flows from investing activities:			
Interest received		3,279	2,549
Purchase of tangible fixed assets		(296,127)	(149,775)
Capital grants from DfE/EFA		<u>249,541</u>	<u>227,983</u>
Net cash (used in)/provided by investing activities		<u>(43,307)</u>	<u>80,757</u>
Change in cash and cash equivalents in the year		(41,888)	189,775
Cash and cash equivalents brought forward		<u>1,253,092</u>	<u>1,063,317</u>
Cash and cash equivalents carried forward	22	<u><u>1,211,204</u></u>	<u><u>1,253,092</u></u>

THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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.

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

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

First time adoption of FRS 102

These financial statements are the first financial statements of The Chase 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 The Chase 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 27.

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 funders 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.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1.4 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 on raising funds includes all expenditure incurred by the The Chase School to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities are costs incurred on the The Chase School's educational operations, including support costs and costs relating to the governance of the The Chase School apportioned to charitable activities.

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.

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £3,000 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 and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

Long term leasehold land	-	125 years straight line
Long term leasehold property	-	50 years straight line
Building improvements	-	10 - 25 years straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

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

On conversion, the academy was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

1.7 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.

1.8 OPERATING LEASES

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

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.10 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

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

1. ACCOUNTING POLICIES (continued)

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.13 FINANCIAL INSTRUMENTS

Financial Instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial Instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.14 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.

1.15 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 23, 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.

**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 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.

1.16 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

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	12,803	-	-	12,803	26,024
Capital Grants	-	-	249,541	249,541	227,983
	<u>12,803</u>	<u>-</u>	<u>249,541</u>	<u>262,344</u>	<u>254,007</u>

In 2015, of the total income from donations and capital grants, £1,024 was unrestricted funds, £25,000 was restricted and £227,983 was in relation to the fixed asset fund.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	7,238,872	7,238,872	7,229,848
Other DfE/EFA grants	-	225,306	225,306	230,569
	<u>-</u>	<u>7,464,178</u>	<u>7,464,178</u>	<u>7,460,417</u>
Other government grants				
High Needs	-	16,131	16,131	9,829
	<u>-</u>	<u>16,131</u>	<u>16,131</u>	<u>9,829</u>
Other funding				
Other government grants non capital	-	14,600	14,600	19,100
Sales to students	6,489	-	6,489	16,507
Other	24,570	-	24,570	35,616
	<u>31,059</u>	<u>14,600</u>	<u>45,659</u>	<u>71,223</u>
	<u>31,059</u>	<u>7,494,909</u>	<u>7,525,968</u>	<u>7,541,469</u>

In 2015, of the total income from charitable activities, £48,586 was unrestricted, £7,492,883 was restricted and £NIL was in relation to the fixed asset fund.

THE CHASE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	11,336	-	11,336	13,881
Copy Shop	-	-	-	70
Fees received	552	-	552	2,359
Other	15,441	5,570	21,011	10,786
	<u>27,329</u>	<u>5,570</u>	<u>32,899</u>	<u>27,096</u>

In 2015, the total income from other trading activities of £27,096 was unrestricted.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	3,279	-	3,279	2,549
	<u>3,279</u>	<u>-</u>	<u>3,279</u>	<u>2,549</u>

In 2015, the total investment income of £2,549 was unrestricted.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	5,273,974	63,077	936,683	6,273,734	6,121,030
Support costs	884,676	308,461	423,039	1,616,176	1,621,010
	<u>6,158,650</u>	<u>371,538</u>	<u>1,359,722</u>	<u>7,889,910</u>	<u>7,742,040</u>

In 2016, of the total expenditure on raising funds of £26,047 (2015: £64,221) was from unrestricted funds, £7,535,297 (2015: £7,372,942) was from restricted funds and £328,566 (2015: £304,877) was in relation to the restricted fixed asset fund.

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FOR THE YEAR ENDED 31 AUGUST 2016

7. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	35,000	26,000
Educational supplies	71,462	62,193
Examination fees	157,481	167,412
Staff development	18,554	16,087
Other costs	145,717	147,419
Supply teachers	52,180	51,595
Technology costs	49,245	53,235
Service Level Agreements	63,077	58,588
Staff restructuring costs	78,478	6,000
Wages and salaries	4,201,581	4,223,826
National insurance	377,621	338,649
Pension cost	694,772	621,149
Depreciation	328,566	304,877
	<u>6,273,734</u>	<u>6,077,030</u>

8. SUPPORT COSTS

	Total 2016	Total 2015
Pension finance costs	62,000	62,000
Other costs	50,477	64,771
Recruitment and support	51,485	48,480
Maintenance of premises and equipment	63,828	74,182
Cleaning	27,199	29,091
Rent and rates	48,132	32,176
Energy costs	102,816	98,275
Insurance	54,597	54,391
Security and transport	20,064	29,555
Catering	54,261	60,415
Technology costs	39,810	87,519
Office overheads	46,136	56,905
Legal and professional	14,919	20,082
Bank interest and charges	62	92
Staff restructuring costs	15,245	-
Service Level Agreements	66,486	57,798
Governance	13,983	9,500
Wages and salaries	750,424	748,157
National insurance	43,224	37,316
Pension cost	91,028	125,805
	<u>1,616,176</u>	<u>1,696,510</u>

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9. NET INCOME / (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	328,566	304,878
Auditors' remuneration - audit	9,205	8,675
Auditors' remuneration - other services	1,800	1,795
Operating lease rentals	40,031	82,472
	<u>379,602</u>	<u>407,820</u>

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,806,102	4,914,388
Social security costs	420,845	375,965
Operating costs of defined benefit pension schemes	785,800	746,954
	<u>6,012,747</u>	<u>6,037,307</u>
Supply teacher costs	52,180	51,595
Staff restructuring costs	93,723	6,000
	<u>6,158,650</u>	<u>6,094,902</u>

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

	2016 No.	2015 No.
Teachers	139	138
Administration and support	43	44
Management	6	6
	<u>188</u>	<u>188</u>

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	4	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £451,751 (2015: £431,833)

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FOR THE YEAR ENDED 31 AUGUST 2016

11. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands: Miss Lillian Blakeley: remuneration £45,000-£50,000 (2015: £40,000-£45,000), employer's pension contributions £5,000-£10,000 (2015: £5,000-£10,000). Dr Adam Jennings: remuneration £40,000-£45,000 (2015: £30,000 - £35,000), employer's pension contribution £5,000-£10,000 (2015: £0-£5,000). Mr Richard Jacobs: remuneration £90,000-£95,000 (2015: £85,000-£90,000), employer's pension contribution £15,000-£20,000 (2015: £10,000-£15,000). Ms Beverley Aston: remuneration £5,000-£10,000 (2015: £NIL), employer's pension contribution £0-£5,000 (2015: £NIL).

During the year, no Trustees received any benefits in kind (2015: £NIL).

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

Other related party transactions involving the trustees are set out in Note 26.

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 £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £3,504 (2015: £3,392).

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	12,914,807	404,846	117,234	13,436,887
Additions	232,069	39,015	25,043	296,127
At 31 August 2016	13,146,876	443,861	142,277	13,733,014
DEPRECIATION				
At 1 September 2015	824,712	84,007	40,754	949,473
Charge for the year	254,422	42,683	31,461	328,566
At 31 August 2016	1,079,134	126,690	72,215	1,278,039
NET BOOK VALUE				
At 31 August 2016	12,067,742	317,171	70,062	12,454,975
At 31 August 2015	12,090,095	320,839	76,480	12,487,414

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

14. STOCKS

	2016 £	2015 £
Goods for resale	<u>955</u>	<u>2,200</u>

15. DEBTORS

	2016 £	2015 £
Trade debtors	1,642	684
Prepayments and accrued income	178,768	104,867
VAT recoverable	20,329	14,336
	<u>200,739</u>	<u>119,887</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	129,067	62,903
Other taxation and social security	124,673	109,762
Other creditors	221,683	207,157
Accruals and deferred income	87,989	129,890
	<u>563,412</u>	<u>509,712</u>

DEFERRED INCOME

	2016 £	2015 £
Deferred income at 1 September 2015	24,676	8,329
Resources deferred during the year	26,124	24,676
Amounts released from previous years	(24,676)	(8,329)
Deferred income at 31 August 2016	<u>26,124</u>	<u>24,676</u>

At the year end, £12,743 has been deferred in respect of non-domestic rates relief, £1,605 in respect of bus pass income received in advance, £1,125 in respect of music fees received in advance and £10,651 in respect of EFA 16-19 income.

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FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
EFA loans	<u>10,675</u>	<u>2,675</u>

Included within Other loans due in less than one year is an interest free loan from the EFA of £10,675 (2014: £2,675) which is secured on future GAG income due to be received by the Academy.

18. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	1,211,204	1,253,092
Financial assets measured at amortised cost	<u>1,642</u>	<u>684</u>
	<u>1,212,846</u>	<u>1,253,776</u>
Financial liabilities measured at fair value through income and expenditure	<u>217,056</u>	<u>192,793</u>

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

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at fair value through income and expenditure comprise trade creditors, accruals and deferred income.

19. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	<u>62,065</u>	<u>74,470</u>	<u>(42,583)</u>	<u>-</u>	<u>-</u>	<u>93,952</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	644,030	7,224,326	(7,233,608)	(72,877)	-	561,871
Pupil Premium (PP)	-	205,640	(205,640)	-	-	-
LA Funding	-	35,797	(35,797)	-	-	-
Other EFA	-	34,716	(34,716)	-	-	-
Pension reserve	(2,453,000)	-	(9,000)	-	(1,355,000)	(3,817,000)
	<u>(1,808,970)</u>	<u>7,500,479</u>	<u>(7,518,761)</u>	<u>(72,877)</u>	<u>(1,355,000)</u>	<u>(3,255,129)</u>

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Restricted Fixed Asset Funds - EFA capital grants	1,685,915	249,541	(79,024)	-	-	1,856,432
Fixed assets transferred on conversion	10,595,336	-	(210,271)	-	-	10,385,065
Fixed assets purchased from GAG and other restricted funds	263,248	-	(25,547)	72,877	-	310,578
Catering contract donations	99,612	-	(13,724)	-	-	85,888
	<u>12,644,111</u>	<u>249,541</u>	<u>(328,566)</u>	<u>72,877</u>	<u>-</u>	<u>12,637,963</u>
Total restricted funds	10,835,141	7,750,020	(7,847,327)	-	(1,355,000)	9,382,834
Total of funds	<u>10,897,206</u>	<u>7,824,490</u>	<u>(7,889,910)</u>	<u>-</u>	<u>(1,355,000)</u>	<u>9,476,786</u>

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - income in restricted funds relates the General Grant which is provided to the School by the Education Funding Agency in order to fund the day-to-day operations of the School.

Higher Needs funding - in restricted grants relates to funding provided by Worcestershire County Council for the School to provide additional support to pupils with high needs.

Pupil Premium (PP) - income in restricted grants relates to funding provided by the Education Funding Agency for the School to provide additional support to pupils from low income families.

Local Authority (LA) funding - income which has been received for specific purposes from Worcestershire County Council (WCC).

Other EFA - income which has been received for specific purposes from the EFA.

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

RESTRICTED FIXED ASSET FUNDS:

Devolved Formula Capital funding (DFC) - are restricted grants related to funding provided by the Education Funding agency for the School to use for the purchase or maintenance of fixed assets.

Academies Capital Maintenance Funding (ACMF) - are restricted grants related to a grant provided to the School from the Academies Capital Maintenance fund to be used for the building work on new sixth form building.

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19. STATEMENT OF FUNDS (continued)

Fixed assets transferred on conversion - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - this represents capital assets that have been purchased out of restricted GAG funding.

Catering Contract - these are funds given by the catering company for the refurbishment of the canteen.

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.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	12,454,975	12,454,975	12,487,414
Current assets	93,952	1,125,283	193,663	1,412,898	-
Creditors due within one year	-	(563,412)	-	(563,412)	1,375,179
Creditors due in more than one year	-	-	(10,675)	(10,675)	(509,712)
Pension scheme liability	-	(3,817,000)	-	(3,817,000)	(2,675)
	<u>93,952</u>	<u>(3,255,129)</u>	<u>12,637,963</u>	<u>9,476,786</u>	<u>10,897,206</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(65,420)	51,581
Adjustment for:		
Depreciation charges	328,566	304,878
Dividends, interest and rents from investments	(3,279)	(2,549)
Decrease in stocks	1,245	12,189
(Increase)/decrease in debtors	(80,852)	87,964
Increase/(decrease) in creditors	61,700	(184,062)
Capital grants from DfE and other capital income	(249,541)	(227,983)
Defined benefit pension scheme cost less contributions payable	(88,000)	(18,000)
Defined benefit pension scheme finance cost	97,000	85,000
Net cash provided by operating activities	<u>1,419</u>	<u>109,018</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,211,204	1,253,092
Total	<u>1,211,204</u>	<u>1,253,092</u>

23. 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 Worcestershire County Council. Both are Local Government 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 £104,393 were payable to the schemes at 31 August 2016 (2015: £91,781) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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23. PENSION COMMITMENTS (continued)

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 £642,614 (2015: £551,875).

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 £355,000 (2015: £265,000), of which employer's contributions totalled £299,000 (2015: £212,000) and employees' contributions totalled £56,000 (2015: £53,000). The agreed contribution rates for future years are 17.5% for employers and 5.7% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.80 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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	23.5	23.4
Females	25.9	25.8
Retiring in 20 years		
Males	25.8	25.6
Females	28.2	28.1

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23. 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	1,358,000	958,000
Debt instruments	-	1,000
Property	73,000	-
Cash / liquidity	37,000	11,000
Other Bonds	57,000	65,000
Other	103,000	41,000
Total market value of assets	<u>1,628,000</u>	<u>1,076,000</u>

The actual return on scheme assets was £245,000 (2015: £(4,000)).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(211,000)	(191,000)
Net interest cost	(97,000)	(88,000)
Total	<u>(308,000)</u>	<u>(279,000)</u>
Actual return on scheme assets	<u>245,000</u>	<u>(4,000)</u>

The 31 August 2016 FRS102 figures are the first to be calculated following completion of the 2015 actuarial valuation and the actuary has made allowance in the calculations this year for the restated opening balance sheet position which has impacted on the deficit reported.

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

	2016 £	2015 £
Opening defined benefit obligation	3,526,000	3,114,000
Current service cost	211,000	191,000
Interest cost	142,000	124,000
Contributions by employees	56,000	53,000
Actuarial losses	1,552,000	80,000
Benefits paid	(42,000)	(36,000)
Closing defined benefit obligation	<u>5,445,000</u>	<u>3,526,000</u>

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23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,073,000	849,000
Interest income	49,000	39,000
Actuarial gains and (losses)	197,000	(41,000)
Contributions by employer	299,000	212,000
Contributions by employees	56,000	53,000
Benefits paid	(42,000)	(36,000)
Admin Expenses	(4,000)	(3,000)
	<u>1,628,000</u>	<u>1,073,000</u>
Closing fair value of scheme assets	<u>1,628,000</u>	<u>1,073,000</u>

24. 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	43,559	35,326
Between 1 and 5 years	33,948	13,543
Total	<u>77,507</u>	<u>48,869</u>

25. 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.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and 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 an arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 11.

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

27. 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.

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		10,966,625	10,897,206
Total funds reported under FRS 102		<u>10,966,625</u>	<u>10,897,206</u>

Reconciliation of net income / (expenditure)	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		73,581
Change in recognition of LGPS interest cost	A	(22,000)
Net movement in funds reported under FRS 102		<u>51,581</u>

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

A	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £22,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.
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28. GENERAL INFORMATION

The Chase School is a company limited by guarantee, incorporated in England and Wales. The registered office is Geraldine Road, Malvern, Worcestershire, WR14 3NZ.