

Registered number: 07694080

**The Cheadle Academy**

Trustees' Report and Financial Statements

For the Year Ended 31 August 2018



**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

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**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details**  
**For the Year Ended 31 August 2018**

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**Members**

Mr N Jamieson  
Mrs I Welford  
Mrs S Atkinson  
Mr J Ely  
Mrs J Hadley  
Ms F Tordoff

**Trustees**

Mrs I Welford, Chair, Community Trustee  
Mrs C Bullock, Community Governor  
Miss C Doel, Community Governor  
Mr S Ellis, Local Authority Governor  
Mr J Ely, Governor (resigned 10 October 2018)  
Mr C Hadley, Staff Governor  
Mr A Harding, Staff Governor  
Mrs K Ratcliffe, Parent Governor (resigned 28 February 2018)  
Mr B Adamson, Governor  
Mr I Walford, Governor  
Mr N Jamieson, Principal and Accounting Officer  
Mrs S Smith, Staff Governor (appointed 9 May 2018)  
Mrs L Warring, Community Governor (appointed 21 March 2018, resigned 11 October 2018)

**Company registered number**

07694080

**Company name**

The Cheadle Academy

**Principal and registered office**

Station Road, Cheadle, Staffordshire, ST10 1LH

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details**  
**For the Year Ended 31 August 2018**

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**Advisers (continued)**

**Company Secretary**

Mrs S Atkinson

**Senior Leadership Team**

Mr N Jamieson, Principal  
Dr C Adams, Vice Principal  
Mrs K Wibberley, Assistant Principal (Resigned 30 April 2018)  
Mr A Barker, Vice Principal (Resigned 31 August 2018)  
Mr M Clews, Associate Assistant Principal (Appointed 1 June 2018)  
Mrs L Coles, Associate Assistant Principal (Appointed 1 June 2018)  
Mr A Edwards, Associate Assistant Principal (Appointed 1 June 2018)  
Mrs S Atkinson, Business Manager  
Mrs N Slack, Senior Teacher  
Mrs C Hadley, Senior Teacher  
Mrs L Allsopp, Senior Teacher (Resigned 31 August 2018)

**Independent auditors**

Dains LLP, Suite 2, Albion House, 2 Etruria Office Village, Forge Lane, Etruria, Stoke-on-Trent

**Bankers**

Lloyds Bank, 10 High Street, Cheadle, Staffordshire, ST10 1AF

**Solicitors**

Anthony Collins Solicitors LLP, 134, Edmund Street, Birmingham, B3 2ES

**The Cheadle Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2018**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The trust operates an academy for students aged 11 to 19 serving a catchment area in North Staffordshire. It has a student capacity of 1050 and had a roll of 471, in the autumn 2017 census.

**Structure, governance and management**

**Constitution**

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

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

Cheadle High School converted to academy status on 1 August 2011. A Funding Agreement with the Secretary of State was signed on 14 April 2011 and the Charitable Company was incorporated at Companies House on 5 July 2011.

The charitable company is known as Cheadle High School.

The Governors act as the Trustees for the charitable activities of The Cheadle Academy and are also the directors of the charitable Company for the purposes of company law.

Details of the Trustees who served during the year 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 charitable company in the event of it being wound up while they are a member, or within one period after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

**Trustees' indemnities**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance cover is provided by the Risk Protection Arrangement (RPA) membership.

**Method of recruitment and appointment or election of Trustees**

The Members may appoint up to eight Governors. Staff Governors must not exceed one third of the total number of Governors and may be elected through a process determined by the Members. The Local Authority may appoint one Governor. Parent Governors must have a child attending the academy when they are elected and shall be elected by the parents. The Governors can appoint up to three co opted Governors.

### **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Governors will depend on their existing experience. This will be conducted by the Principal and the Business Manager. Where necessary, induction will provide training on charity and educational, legal and financial matters. All new Governors will be given a tour of the academy and the chance to meet with staff and students. All Governors are provided, at an appropriate time, with copies of The Governors handbook, policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be tailored specifically to the individual.

### **Organisational structure**

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and staff appointments.

The Governing Body should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the academy, addressing such matters as:

- Policy development and strategic planning, including target setting to keep up momentum on school improvement
- Ensuring sound management and administration of the academy, and ensuring that managers are equipped with relevant skills and guidance
- Ensuring compliance with legal requirements
- Establishing and maintaining a transparent system of prudent and effective internal controls. Management of the academy's financial, human and other resources (in particular control over the spending identified in the academy's development plan)
- Monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon
- Helping the academy be responsive to the needs of parents and the community and making it more accountable through consultation and reporting
- *Setting the academy's standards of conduct and values*
- Assessing and managing risk

The Senior Leaders for 2017/18 were the Principal, Vice Principal, Two Assistant Principals, Three Associate Assistant Principals, three Senior Teachers and the Business Manager. These leaders control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although appointment panels always contain a Governor. Some spending control is devolved to members of the Management Team, with limits above which a Senior Leader must countersign.

The Management Team includes the Senior Leadership Team, Subject Leaders and Key Stage Leaders. These managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

### **Arrangements for setting pay and remuneration of key management personnel**

The Finance and Human Resources Committee is responsible for the setting of the pay and remuneration of key management personnel.

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

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**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time**

£

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

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**Related Parties and other Connected Charities and Organisations**

The academy is in a collaboration of schools known as The South Moorlands Learning Community. The Collaboration consists of the nine schools listed below:

The Cheadle Academy	The Valley Primary School
Cheadle Primary School	Great Wood Primary School
St Werburghs C.E. (A) Primary School	St John's C.E. (C) Primary School
Bishop Rawle C.E. (A) Primary School	Werrington Primary School
Moorside High School	

The object of the Collaboration is to enhance the quality of outcomes for the students within our schools, and of the wider community, by working together to:

- Improve teaching and learning
- Provide better quality training opportunities for all staff
- Improve outcomes for young people, in Cheadle and the surrounding area, by offering a full range of learning opportunities across the 3 – 19 age range, to develop cross – phase curricular developments and address personalisation, to enhance the quality of teaching and learning, for example, work with Gifted and Talented and Special Needs students
- Address more effectively issues relating to families and communities, for example, work with vulnerable families and inclusion
- Tackle issues relating to attainment more effectively across the pyramid by, for example, reducing underachievement
- Examine the potential to offer joint appointments across the pyramid
- Achieve economies of scale in purchasing policy, for example, ICT procurement, ICT technical support, administrative supplies, and maintenance work
- Achieve savings in planning and administrative time, and developing the potential for pyramid administrative staff who can work with each school
- Enhance strategic planning across all phases
- Seek to develop a shared sense of identity and a common sense of purpose
- Build capacity across all phases
- Join together to access extended services
- Improve further the transition of students between phases



**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

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**Objectives and Activities**

**Objects and aims**

The principal object and activity of the company is the operation of The Cheadle Academy to advance, for the public benefit, education for students of different abilities between the ages of 11 and 19.

The Governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy's aims and objectives.

In accordance with the Articles of Association the company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy during the period ended 31 August 2018 are summarised below. The Cheadle Academy seeks to ensure that all students aim to maximise their attainment by:

- Developing a culture based on high expectations for both academic success and behaviour that supports learning
- Creating a set of values and norms which every member of the academy community must espouse and uphold
- Maximising the use of teaching time, for example, by cutting out the minutes that are waste by low level disruption and poor lesson transitions
- Focussing on the basics particularly literacy and numeracy
- Achieving high levels of consistency; our pedagogy, classroom routines and behaviour policies are apparent throughout the academy
- Seeking to reward effort as well as achievement
- Celebrating and developing resilience
- Systematically cultivating aspiration through the use of visits and role models

### **Objectives, strategies and activities**

Key objectives from the 2017/18 School Improvement Plan were:

1. Improve the effectiveness of leadership and management so that there is rapid improvement in the achievement of pupils, especially disadvantaged pupils.
2. Improve the quality of teaching, so that all pupils, especially the disadvantaged, make rapid progress from their starting points.
3. Improve pupils' behaviour and attitudes to learning in lessons and around school.
4. Urgently improve attendance, especially of disadvantaged pupils, by fostering strong relationships with parents, to involve them in the process of getting their children to attend school regularly.

#### **Outcomes for Students**

1. Literacy and numeracy catch-up funding has a positive impact on those pupils in Year 7 who need to improve their basic skills.
2. To develop and evaluate Intervention strategies to support rapid student progress, with a particular emphasis on Pupil Premium, DSEN and gender.

#### **Teaching and Learning**

1. The curriculum meets the needs of pupils and promotes their progress.
2. Teachers' assessments of pupils' progress are reliable and accurate.
3. Use assessment and other information to plan activities that are well matched to pupils' needs and engage pupils in moving their learning forward, whilst ensuring high expectations of pupils' progress and what they can achieve.

#### **Leadership and Management**

1. Leaders systematically evaluate which improvement strategies are effective and which are not, so that the school can move forward quickly.
2. Governors have the skills and understanding to analyse school performance information independently and so effectively hold leaders to account.
3. Leaders monitor the quality of teaching rigorously, so that well-focused support can be put in place to tackle any identified underperformance.
4. An external review of governance should be undertaken in order to assess how this aspect of leadership and management may be improved.
5. To ensure all budgetary implications are mapped throughout the year to support improved student outcomes across the academy whilst providing best value for money.

#### **Personal Development and Welfare**

1. Teachers across the school actively promote and develop pupils' understanding and acceptance of the fundamental British values.
2. Leaders establish a culture of safeguarding that permeates all the school's work.
3. All staff have high expectations of pupils' behaviour and manage pupils' challenging behaviour by consistently applying the school's behaviour policy.
4. Urgently improve attendance, especially of disadvantaged pupils, by fostering strong relationships with parents, to involve them in the process of getting their children to attend school regularly.
5. Students are given every opportunity to become engaged in their work and are given the confidence to share their interest and enjoyment of their learning, improving their overall attitudes to learning.
6. To increase opportunities around student voice and its strategic development and too monitor, map and target parent engagement in school activities.

## **Public benefit**

The Governors have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the academy.

There have been a significant number of activities undertaken by the academy trust during the relevant financial period to further its charitable purposes for the public benefit. We feel that we make an outstanding contribution to community cohesion. The academy seeks at all times to involve the academy workforce and student body in the promotion of community cohesion.

We are using the curriculum teaching and learning techniques as a tool for building community cohesion. Within the taught curriculum our students learn about national, regional, ethnic and religious cultures, the connections between them and between the UK and the wider world and they explore the concept of community cohesion and the different forces that bring about change in communities over time. Examples of this include: opportunities across the curriculum to promote shared values and help students to value difference and challenge prejudice, discrimination and stereotyping. Underpinned by strong local partnerships, multicultural elements of the curriculum are delivered through the Arts and by very strong links with local schools and our global links. Our Citizenship work addresses the strand "Identity and Diversity: Living Together in the UK". We also have a full programme of fieldwork visits, which enrich students' understanding of community and diversity, for example, geography students study the different socio economic characteristics of residential areas. We have links with places of worship in the locality. In the specialist subjects students study ethnic art and music, attend dance classes and African drumming workshops. We provide support for students for whom English is an additional language; we seek to remove barriers to effective learning and enable students to be integrated so that they can achieve the highest possible standards. We hold assemblies that involve the local and wider community. We raise significant amounts of money and/or gifts for diverse organisations – the Douglas Macmillan Hospice and Lepra. Our comprehensive use of data enables us to identify and tackle underperformance and we have effective policies and procedures in place to deal with discrimination, bullying and harassment; it is not tolerated. We have supported the local community in celebration of Commonwealth Day including a parade and a Commonwealth evening with a number of community stakeholders.

We continuously support the Armistice Day celebrations, commemorating the First World War in a Concert of Commemoration.

We have worked hard to develop good partnership activities with parents and the wider community. The shared use of our facilities provides a means for our students to interact, as do the numerous opportunities for meaningful intercultural activities such as sport, drama, music, festivals, volunteering activities and trips.

- A massive programme of links through our extensive out of school learning programmes and work based learning opportunities
- Through our Arts we are linked to the local Arts Council and Cheadle Community Theatre
- We place dozens of students per year in voluntary community based activities such as fire fighters, nurseries, Wildlife Trust, animal charities and the local footpaths group.
- We work closely with the police and Community Police Officers, PCT and religious groups in the town
- We have a large programme of lettings Sports Clubs, Music, Art, Performing Arts
- We invite theatre groups through our Specialism links
- Trips with the specialist subjects to art galleries, media events, theatres in Stratford and Stoke, music concerts and dance festivals
- Provision of targeted advice and support to all of the groups on our student body, Oxbridge visits, visits to Russell Group universities, borderline students parents' evenings, Key Stage Leaders, IAG for all students
- We participate in the town's Christmas and Arts Festivals

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

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**Public benefit (continued)**

The Cheadle Academy teaches students in the 11 – 19 age range. The academy is located in a town that, like similar towns, suffered from rapid deindustrialisation during the last century. Cheadle itself is a former mining town with a population of 15,000. The town is undergoing a significant period of deindustrialisation and restructuring of local employment opportunities. Mining and skilled engineering employment has disappeared to be replaced by logistics, retail, leisure (mainly casual jobs at Alton Towers) and engineering at JCB (mainly temporary assembling contracts nowadays). There is a tradition of seasonal work in the area. The catchment area of the academy is both rural and urban in nature covering the town of Cheadle and villages such as Tean, Kingsley and Oakamoor.

Students are admitted by adhering to the academy's Admissions Policy. Students are admitted in the following order:

- (a) Students whose statutory statement of special needs names The Cheadle Academy as the most appropriate mainstream school.
- (b) Students living in the catchment area of The Cheadle Academy
- (c) Students who have an elder sibling at The Cheadle Academy who will still be attending the school on the proposed admission date
- (d) Students who attend the named catchment schools
- (e) Medical/Hardship grounds. Other students are arranged in order of priority according to how near their home addresses are from the academy by the shortest walking route as measured by the Geographical Information Systems.

A summary of achievements at the academy, in 2017 2018, would be

- The Academy has again improved its Progress 8 outcomes with a score of 0.03, again improving on results in previous years and achieving the best result in the history of the academy. This places the school in the Top 25% in the county for unvalidated data.
- Standards of the majority of groups are in line with comparable schools; although the academy is continuing to work hard to close the gaps between gender and disadvantaged students as these still remain above national although further down the school these are now narrowing
- Students generally learn well in most subjects

Students acquire knowledge, understanding and skills which prepare them adequately for the next stage in their education.

**The Cheadle Academy**  
(A Company Limited by Guarantee)

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

**Strategic report**

**Achievements and performance**

Students during the period ended 31st August 2018 totalled 471. The academy has obtained agreement from the Department for Education (DfE) for a PAN of 160 students. The effective and efficient operation of The Cheadle Academy is exemplified by some aspects of the student's attainment, achievement and progression. Taking into consideration the progress of students in The Cheadle Academy across all year groups and a wide range of subjects there is now sufficient evidence to demonstrate that outcomes for pupils are good. When evaluating this judgement it should be acknowledged that each student is set aspirational targets considering their different starting points.

Whilst the academy was placed into Special Measures during this academic year, a robust improvement plan was swiftly implemented, along with a revised behaviour policy, which again meant that outcomes for students continued to improve even further.

Headline Measures 2017-18 Cohort		
<b>Cohort Summary</b>		
Measure	Total	%
Cohort	77	100
<b>Attainment/Progress 8 Summary</b>		
Measure	Total	%
Average Total Attainment 8	46.07	
Average Total Progress 8	0.044	
<b>Positive Progress 8</b>		
<b>Basics 9-7</b>		
Measure	Total	%
Students Achieving 9-7 in English and Maths	6	7.8
Students Achieving 9-7 in English	20	26
Students Achieving 9-7 in Maths	8	10.4
<b>Basics 9-5</b>		
Measure	Total	%
Students Achieving 9-5 in English and Maths	28	36.4
Students Achieving 9-5 in English	48	62.3
Students Achieving 9-5 in Maths	29	37.7
<b>Basics 9-4</b>		
Measure	Total	%
Students Achieving 9-4 in English and Maths	46	59.7
Students Achieving 9-4 in English	58	75.3
Students Achieving 9-4 in Maths	48	62.3
<b>KS4 Results</b>		
Measure	Total	%
Students achieving 5 Standard Passes inc EM ?	45	58.4
Students achieving 5 Strong Passes inc EM ?	28	36.4
Students taking Combined Science	53	68.8
Students entered and achieving 99-44 in Combined Science	24	45.3
Students entered and achieving 99-55 in Combined Science	13	24.5
Students entered and achieving 99-77 in Combined Science	1	1.9
<b>EBacc Total Measure</b>		
Measure	Total	%
Students Entered for the EBacc	5	6.5
Students in COHORT Achieving the EBacc (Standard Pass) (NEW)	2	2.6
Students in COHORT Achieving the EBacc (Strong Pass)	2	2.6

### **Achievements and performance (continued)**

The percentage of students entered for the EBacc is low, due to poor uptake of languages by this cohort. The percentage of students achieving this measure matched predictions.

Students with special educational needs and/or disabilities have received appropriate, bespoke support during their time at the academy. Within some subjects, particularly within English and History lessons, pupils articulate their knowledge and understanding clearly, reflecting thoughtfully on current and prior learning, both with one another and with adults. The establishment of these characteristics across the academy would give weight to an outstanding judgement. Understanding and propagating the teaching and learning approaches that enable this confidence and self awareness amongst students is key to future leadership strategy. The English department foster an appreciation of reading amongst students and the library is a well utilised resource both during and outside of lesson times.

Attainment across a wide range of subjects continues to improve across the academy.

Pupils are well prepared by the Academy for the next stage of their education, training or employment. The academy's IAG programme is wide ranging and impartial. The school's curriculum supports the development of appropriate skills for further study, apprenticeship or training. Many academic routes are supported by the school's sixth form.

To ensure that standards are continually raised the academy operates a programme of observation of lessons and Learning Walks; conducts Departmental Reviews and Work Scrutiny; is visited by inspectors and headteachers from other schools; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value.

### **Key performance indicators**

The academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

After a Full Ofsted Inspection in March 2017, Ofsted concluded that the academy was inadequate and placed in to Special Measures. The key findings of the inspection were

Effectiveness of Leadership and Management	Inadequate	4
Quality of teaching, learning and assessment	Inadequate	4
Personal development, behaviour and welfare	Inadequate	4
Outcomes for pupils	Inadequate	4
16 to 19 study programmes	Good	2

A HMI inspection in April 2018 stated that leadership were taking appropriate action towards the removal of special measures.

The academy has a PAN of 160 students and currently admits between 60 and 110 students into a cohort.

The academy is also monitored through the completion and submission of the ESFA, the August Accounts Return.

The current rating of 'substantive assurance' for all financial health checks are considered an excellent outcome.

**The Cheadle Academy**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

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**Going concern**

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

**Financial risk management objectives and policies**

The academy's financial objectives are:

- To achieve an annual operating surplus
- To pursue alternative sources of funding, on a selective basis, consistent with the academy's core competencies, and the need for a financial contribution to the academy's overall finances
- To generate sufficient levels of income to support the asset base of the academy
- To further improve the academy's shorter term liquidity
- To fund continued capital investment

These objectives were achieved in the year ended 31 August 2018.

Most of the academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The analysis of the specific grants received can be seen in note 3 to the financial statements.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, in order to achieve its financial objectives the academy aimed to:

- Achieve an annual operating surplus this was achieved during the year. The academy is working to ensure that an annual operating surplus can be obtained in future years
- Pursue alternative sources of funding, on a selective basis, consistent with the academy's core competencies, and the need for a financial contribution to the academy's overall finances
- Generate sufficient levels of income to support the asset base of the academy – this was achieved. Further improve the academy's shorter term liquidity – this was achieved by implementing a comprehensive system of financial controls

During the year ended 31 August 2018, total resources expended (excluding restricted fixed asset funds) of £2,934,060 (2016 - £3,160,184) were covered by recurrent grant funding from the ESFA together with other incoming resources, therefore unrestricted reserves carried forward of £166,877 (2017 - £133,508).

The surplus of income over operating expenditure for the period (excluding the defined benefit pension scheme adjustments and restricted fixed asset funds) was £65,461.

The Local Government Pension Scheme (LGPS) deficit at the 31 August 2018 had decreased to £1,299,000. The agreed contribution rates for future years are 22.2% for employers and between 5.5% and 12.5% for employees.

### **Financial risk management objectives and policies (continued)**

At 31 August 2018, the net book value of fixed assets was £7,431,167 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

### **Reserves policy**

The Governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The academy held fund balances at 31 August 2018 of £6,642,848 comprising £42,824 of restricted funds and £166,877 of unrestricted general funds, restricted fixed asset funds of £7,732,147 and a pension reserve deficit of £1,299,000.

### **Investments policy**

Investments are made in compliance with the academy's Investment Policy. The Governors seek to invest surplus funds in a manner to obtain the best possible return and these are invested with reputable and ethical investors. The aim of the Investment Policy is to maximise returns in order to increase the resources available to our staff so that we can achieve our aim of increasing academic standards.

### **Principal risks and uncertainties**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. A risk register has been produced and is reviewed annually by the governing body. The register includes risks in relation to financial risk, compliance risk, operational risk and strategic risk.

The academy has undertaken further work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the academy's assets and reputation.

Based on its mission, the Governors and Senior Leadership Team undertake a termly comprehensive review of the risks to which the academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Governors and Senior Leadership Team will also consider any risks which may arise as a result of any new area of work being undertaken by the academy.

The Risk Management Strategy aims to ensure that the academy complies with risk management best practice and with the requirements of both the Turnbull Guidance and the HM Treasury guidance contained in publication "Management of Risk – Principles and Concepts". At The Cheadle Academy risk management is embedded in our on going risk management processes. This will enable us to succeed in our aim which is to achieve an acceptable level of comfort using the available resource and for the Board to be able to report sound arrangements in annual accounts.



**Principal risks and uncertainties (continued)**

The current processes and responsibilities for risk management in The Cheadle Academy can be summarised as:

- The Governing Body acknowledges responsibility for the system of internal control
- An on going process is in place for identifying, evaluating and managing all significant risks
- An annual process is in place for reviewing the effectiveness of the system of internal control
- There is a system in place to deal with internal control aspects of any significant issues disclosed in the annual report and accounts

In assessing what constitutes a sound system of internal control the Governing Body gives consideration to:

- The nature and extent of the risks facing the academy
- The extent and categories of risk which it regards as acceptable
- The likelihood of the risks concerned materialising
- The academy's ability to reduce the incidence and impact of the risks that do materialise

The objectives for managing risk across the academy are:

- To comply with risk management best practice, including the Turnbull guidelines
- To ensure risks facing the academy are identified and appropriately documented
- To provide assurance to the Governing Body that risks are being adequately controlled, or identify area or improvement
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks

The academy's Risk Management strategy aims to:

- Outline the roles and responsibilities for risk management
- Identify risk management processes to ensure that all risks are appropriately identified, controlled and monitored
- Ensure appropriate levels of awareness throughout the academy

The Principal has overall responsibility for risk management. The Business Manager has lead responsibility for risk management processes and the academy wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes
- Ensuring that appropriate controls are in place to manage identified risks
- Preparation of periodic reports to the Full Governing Body

The Risk Register is formally reviewed each half term by the Business Manager and the Principal. A Risk Management Plan is submitted termly to the Strategy & Development Committee. The Risk Management Plan is monitored by the Strategy & Development Committee and forms part of that Committee's report to the Full Governing Body.

The approach to risk management is linked to the academy's strategic aims and objectives. These have been set and agreed with the Full Governing Body and can be summarised, in our context, as:

- High achievement and high value added
- Outstanding leadership and management
- Outstanding infrastructure
- Financial efficiency and excellent value for money
- Inspiring and supportive culture
- Strong community and stakeholder partnerships

**Principal risks and uncertainties (continued)**

The structure and organisation of the academy's Risk Register follows the above structure to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

The Cheadle Academy Intervention Strategy is compiled within the compass of the 'risk cycle' as identified within the Risk Register.

The academy's Intervention Strategy is designed to complement our Risk Strategy which is premised around the framework of Risk Management

- Risk governance – sets the tone and culture
- Risk assessment – to identify new and changing risk landscape
- Risk quantification and aggregation – enables prioritisation
- Monitoring and reporting – of performance
- Risk and control optimisation – framework of controls to optimise cost / benefit

For the purposes of this Intervention Strategy the academy will define its Operational Risk Appetite (ORA) as "the amount and type of risk that the academy is prepared to seek, accept or tolerate". The academy has adopted a robust risk management framework and Intervention Strategy. We are seeking to put in place a holistic risk management approach across the organisation. The challenge is how to make incremental improvements that have high value but low impact.

We recognise that an element of risk (innovation) is good for the further development of the institution but understand that the risk needs to be properly controlled and regulated. In simple terms, expressing ORA is a question of defining what is acceptable to the academy and what is not. This will be achieved within both the Risk Management and Intervention Strategies by deciding, for each type of risk, what is acceptable, what is unacceptable, and the parameters of the area between those two i.e. what is tolerable.

In order to ensure effective monitoring and governance, the risk appetite, and attendant intervention strategies, will incorporate a balanced mix of both quantitative and qualitative measures.

Quantitative Measures – income, expenditure, student numbers

Qualitative Measures – reputation, press relations, management effort

This approach will be applied across the full range of operational risk framework components (including risk and control self assessment and scenario analysis) and will provide us with a clear indication of proportional response to the perceived materiality of the associated risk. Specifying a timeframe for resolution will emphasise the perceived urgency and significance of the underlying issue. This will promote a consistent understanding, of risk, across the academy.

**Principal risks and uncertainties (continued)**

From the perspective of The Cheadle Academy as a business there are a number of benefits to be accrued by defining ORA and our intervention strategies as this will:

- Enable the Governing Body to exercise appropriate oversight and corporate governance by defining the nature and level of risks it considers acceptable (and unacceptable) and thus setting boundaries for future activities and behaviours.
- Provide a means of expressing the Senior Leadership Team's attitude to risk, which can then be communicated throughout the academy as part of promoting a risk aware culture.
- Establish a framework for decision making (which risks can be accepted/retained, which risks should be mitigated and by how much) which ensures an appropriate balance between being risk seeking and risk averse.
- Improve the allocation of risk management resources by bringing focus to higher priority issues.
- Ensure an enhanced view of risk expenditure so that the costs of risk do not exceed the benefits.
- Align strategic goals and operational activities through optimising the balance between the development of the academy and the related risks inherent in pursuing those goals. This will enable the strategy to be put into effect.
- Encourage more conscious and effective risk management practices.

**1. Government funding**

The academy has considerable reliance on continued government funding through the ESFA. 2017/18, the majority of the academy's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the academy is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA

**2. Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme deficit on the academy's balance sheet in line with the requirements of FRS 102. The details of the deficit and contribution rates for future years have been outlined in the Financial Review.

The Governors believe that resources are deployed efficiently and effectively providing good value for money.

Evidence to support this belief includes:

- Outcomes for groups and individuals show a three year trend of improvement; we are improving our ability to deploy resources to achieve positive outcomes for all groups of students
- The good overall condition of the site and buildings
- The programme of buildings refurbishment undertaken as part of a detailed Asset Management Plan agreed with the Local Authority and funded partially by successful bids to the ESFA
- The increasing level of investment in equipment and resources

Strengths of leadership and management in providing value for money include:

- Adherence to DfE financial standards and passing the Financial Standards assessment each year, plus 'substantial assurance' verdicts from auditors in 2017/18
- Our Business Manager is a member of SLT to provide a link between our financial processes and our ability to ensure that learning resources are sufficient to meet the demands of the curriculum and its organisation
- Adherence to Best Value principles in contracting

**Principal risks and uncertainties (continued)**

Further evidence of effective leadership of financial activity includes:

- Significant investment in learning resources
- The academy has maintained a balanced budget for many years
- Favourable audit report
- Documented processes of budget allocation

Our planning for improvement aims to ensure that the human and physical resources of the academy are adequate and able to support our priorities. In procedural and structural terms strengths include:

- The inclusion of responsibilities within the SLT for self review, standards, finance, e learning and staff development.
- Significant investment in a programme of staff learning. The academy is a professional learning community.
- The allocation of additional funding to all departments from the Specialist School development budget; departments have to build this capital spending into their Development Plan and provide evidence of outcomes
- Allocation of capitation follows a set formula.
- Teachers staffing expenditure as the highest percentage area of the budget is closely monitored to ensure that provision matches timetabled demand with no over capacity.

### **Plans for future periods**

The academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in Higher Education once they leave. The academy will also attempt to increase its recruitment up to the PAN, accepting transfers from other schools and academies into all years where possible.

The academy aims in the future to provide the opportunity for arts education to a greater number of students. To achieve this we draw up a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to the academy's facilities, curricular materials and the expertise of The Cheadle Academy staff.

The key aims and key objectives of the academy in the immediate short term are:

- Continue to improve progress and achievement for all students with particular focus at KS4 on Progress 8, Attainment 8, Ebacc and English and Maths at GCSE
- Reduction of in Academy variation in students' progress across all groups but paying particular attention to vulnerable groups, SEND students and those with high IDACI scores (Income Deprivation Affecting Children Index)
- To further develop students' capacity to become independent learners, especially boys
- As part of the Behaviour for Learning System develop a more comprehensive rewards system and ensure consistent application
- To further develop strategies which encourage respect for other people and cultures and which promote community cohesion
- To review and refine student support structures
- Develop monitoring and coaching systems to enhance further the role of teachers and tutors to support learning
- To continue to develop pedagogy and AFL
- To further develop and embed effective assessment across all subjects especially APP and AFL across all subjects
- Further develop the role of Middle Leaders with regards to improving the progress made by students, defining alternative curriculum direction, learning & teaching and behaviour. Further increase the breadth and range of curricular and extracurricular opportunity to better meet the needs of the total student body in order to facilitate participation, progression and high achievement in light of 'Raising the participation' age
- Develop community links and marketing strategies to increase the numbers on roll
- Ensure the careful management of the budget to provide value for money

These will be achieved by the rigorous Quality Assurance of the School Improvement Plan.

**Plans for future periods (continued)**

Leadership and management are effective. There is an emphasis on distributed and connected leadership using a robust line management system and staff are given responsibility for identifying issues and providing solutions but are also responsible for outcomes. The Senior Leadership Team, focus their work on Academy improvement and strategic developments. We also have additional capacity created by the leadership arrangement and the Extended Leadership Group that includes senior staff and Governors. The current leadership structure has benefited The Cheadle Academy in a number of significant ways:

- Increased status and influence for the academy, working in partnership at local, regional and national level
- A strengthened role for the Governors in the strategic planning within the school
- A strengthened role, and career progression, for key non teaching staff in the leadership and management of the academy
- A powerful learning opportunity for some teaching staff
- Career progression and important professional development with the creation of a new structure throughout the academy for both teaching and support staff
- It promotes a broader perspective within our leadership teams giving them the chance to work across two schools
- It has strengthened strategic and operational roles for staff at all levels
- It has increased contact with the pyramid and has strengthened collaboration
- Increases the size of Senior Leadership Team giving it extra capacity
- Strengthens internal system of self-review driving up standards still further
- Allows us to work with, manage and search out change
- Allows the academy to distribute leadership and power, and improve teamwork and morale as a way of sharing vision and values
- Creates additional capacity for lesson observation and self-review
- Allows SLT to pay extra attention to communication
- Focus on vision and strategy so that we get strategy and policy right

**Fundraising**

The Cheadle Academy fundraises through non-uniform days, cake sales and raffles. We participate in fundraising events like Sports Relief where funds are raised by sporting activities and donations. Our 6th formers are working in partnership with Douglas Macmillan Hospice to raise funds by singing in supermarkets and various activities organised by the partnership. All funds collected are recorded in our accounts. We have received no fundraising complaints.

### **Employee involvement and employment of the disabled**

The academy is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The academy's Equality Statement is published on its website.

The academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the academy continues. The academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by Senior Leaders and Governors.

The academy seeks to achieve the objectives set down in the Equality Act 2010 and the relevant parts of the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts of 2001 and 2005. As part of its Asset Management Plan the academy updates its access audit. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Community Theatre and the Sports Hall for Cheadle Schools. Any new buildings will be fully compliant with all access legislation.

The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment, by making support resources available and through training and career development. The academy has provided information, advice and arranged support where necessary for students with disabilities.

There is a list of specialist equipment which the academy can make available for use by students and a range of assistive technology is available if required.

The admissions policy for all students is described in the academy charter. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.

The academy has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities. Specialist programmes are described in The Cheadle Academy prospectus, and achievements and destinations are recorded.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's Equal opportunities policy, the Academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2018**

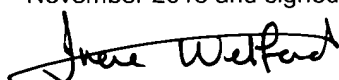
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**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' Report was approved by order of the board of trustees, as the company directors, on 21 November 2018 and signed on its behalf by:



**Mrs I Welford**  
**Chair of Trustees**



**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Governance Statement**

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**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Cheadle Academy 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 7 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
Mrs I Welford, Chair, Community Trustee	7	7
Mrs C Bullock, Community Governor	7	7
Miss C Doel, Community Governor	6	7
Mr S Ellis, Local Authority Governor	4	7
Mr J Ely, Governor	2	7
Mr C Hadley, Staff Governor	7	7
Mr A Harding, Staff Governor	6	7
Mrs K Ratcliffe, Parent Governor	2	3
Mr B Adamson, Governor	6	7
Mr I Walford, Governor	7	7
Mr N Jamieson, Principal and Accounting Officer	7	7
Mrs S Smith, Staff Governor	2	2
Mrs L Warring, Community Governor	1	3

**Governance reviews:**

In July 2018 an external review of governance was undertaken at The Cheadle Academy. The purpose of the external review was to evaluate how well the Governing Body at The Cheadle Academy is working and its capacity to improve. It was carried out by an NLG.

The findings were intended to help prepare Governors and the academy for the next inspection by identifying where improvements are needed and how these can be made. The NLG reaffirmed the outcomes of the May 2017 Ofsted Inspection and this are now intrinsically linked to the School Improvement Plan, which has met the expectations of the NLG. A copy of the SIP is available on request.

**Governance Statement (continued)**

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**Review of Value for Money**

As Accounting Officer, the Principal has responsibility for ensuring that the Academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust'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 trust has delivered improved value for money during the year by:

**Raising Student Progress**

Cheadle Academy continues to improve outcomes for its students, again recording the best ever results in the history of being an academy or high school, with a further rise in progress rates. Provisional data sets Progress 8 as 0.03.

Taking into consideration the progress of students in The Cheadle Academy across all year groups and a wide range of subjects there is now sufficient evidence to demonstrate that outcomes for pupils are continuing to improve, whilst the academy is under its notification of special measures. When evaluating this judgement it should be acknowledged that each student is set aspirational targets considering their different starting points.

Headline accountability data for the Summer 2018 exam series shows that our students continue to improve the Progress 8 score.

Measure	Total
Cohort	77
<b>Attainment/Progress 8 Summary</b>	
Measure	Total
Average Total Attainment 8	46.07
Average Total Progress 8	0.044

- Robust and targeted tracking of student progress has enabled effective intervention to be incorporated through all class room teaching.

The academy has developed robust tracking systems for monitoring attendance and we are continuing our work towards national levels.

**Closing the Gap**

The Cheadle Academy has developed and fully embedded a student tracking system for individuals that tracks levels of progress from Key Stage 2 through to Post 16. The Cheadle Academy ensures that where possible additional needs of individual students are met and appropriate resources (staff and equipment) are made available such as one to one, support or stretch and challenge for the more able students.

**Governance Statement (continued)**

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**Review of Value for Money (continued)**

The academy recognises the fact that Pupil Premium students are not a homogeneous group and cover a wide range of needs. As such the strategies we use to raise attainment take these groups and individual needs fully into account. We use high quality teaching and learning as the preferred way to narrow the gaps in attainment in the first instance.

- We also use high quality interventions with proven evidence of impact to assist our students who need additional support in a time limited way.
- We use the Pupil Premium for all year groups, not just those taking examinations at the end of the year.

Our key principles are that achievement for all students, including those from disadvantaged backgrounds, is best fostered in a school with an ethos of high expectations, where high quality teaching and learning is at the heart of all we do. To this end our curriculum is designed and regularly reviewed to ensure it meets the needs of all groups of students so that teaching and learning in the classroom is the main focus for raising achievement for all students.

At the academy we seek to spend our Pupil Premium funding successfully, to improve achievement and close the gap by adopting the following practices

- carefully ring fencing the funding so that it is always spent on the target group of students
- never confusing eligibility for the Pupil Premium with low ability
- focusing on supporting our disadvantaged students to achieve the highest levels
- thoroughly analysing which students are underachieving, particularly in English and mathematics
- use evidence from our experience to allocate the funding to the activities that are most likely to have an impact on improving achievement
- seeking to ensure that all day to day teaching meets the needs of each learner, rather than relying on interventions to compensate for teaching that is less than good
- allocating well trained staff to teach intervention groups to improve mathematics and English
- using achievement data frequently to check whether interventions or techniques are working and making adjustments accordingly, rather than just using the data retrospectively to see if something has worked
- making sure that our support staff, particularly Teaching Assistants, are highly trained and understand their role in helping students to achieve systematically focusing on giving students clear, useful feedback about their work, and ways that they can improve
- we ensure that class and subject teachers know which students are eligible for the Pupil Premium so that they can take responsibility for accelerating their progress
- we have a clear policy on spending the Pupil Premium, agreed by governors and publicised on the academy website, to provide well targeted support to improve attendance, behaviour or links with families where these are barriers to a student's learning
- we have adopted a clear and robust performance management system for all staff, which included discussions about students eligible for the Pupil Premium in performance management meetings
- our Governors are thoroughly involved in the decision making and evaluation process.

**Governance Statement (continued)**

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**Review of Value for Money (continued)**

A summary of Pupil Premium Targeted Activities and Support

Our Pupil Premium income is spent in an integrated and targeted way, to ensure that entitled students receive the opportunity for additional support and access to all learning opportunities including residential activities.

*Actions focused on learning in the curriculum directly affect performance in the classroom*

- one to one tuition
- Intervention Mentors
- small group teaching
- additional in class support
- homework clubs
- special arrangements for monitoring progress
- reduced class sizes
- Teaching Assistants
- peer tutoring/peer assisted learning
- provision of materials/equipment
- reading support
- support for EAL
- purchase of revision guides
- performing arts and other leisure activities
- after school and holiday clubs
- subsidising trips not directly linked to the curriculum.

**Financial Governance and Oversight**

The Cheadle Academy board of trustees are responsible for determining the academy's financial priorities linking this to the long term vision, the Academy's School Improvement Plan and directions given by the Full Governing Body. Advised by the Accounting Officer the Governors have a strong oversight of the financial management of the academy; and robust internal systems and controls are in place.

The Governors are committed to their roles and understand their responsibilities; the terms of reference for all committees are reviewed and approved annually. All new Governors receive a comprehensive induction from the Business Manager and the Accounting Officer.

The budget is approved annually by the Full Governing Body. All staff involved in the preparation of the budget, and all financial reports, are mindful of the need to balance the budget against income to ensure the academy remains a 'going concern'. The board of trustees meet termly to review the financial position, to receive reports from the Business Manager and the Accounting Officer, and to challenge decisions. The Finance controls are reviewed annually. 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.

**Governance Statement (continued)**

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**Review of Value for Money (continued)**

In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed by the Governors and agreed by the Board of Trustees
- Regular reviews of any major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other targets
- Clearly defined purchasing guidelines for example asset purchase or capital investment
- Delegation of authority and segregation of duties
- Identification and management of risks
- To approve the start budget for the financial year.
- To establish and maintain an up to date three year financial plan.
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body.
- To ensure that the academy operates within the Financial Regulations set out in the Academies Financial Handbook.
- To annually review and appoint the independent examiner (Internal Auditor) and the External Accountants, in line with ESFA guidelines.
- To review appropriate financial benchmarking data, in order to compare the academy's financial performance with other similar schools.
- To ensure that ring fenced funding streams, such as Pupil Premium, will be used as directed and to maximum effect.
- To make decisions on expenditure following recommendations from other committees.
- To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised.
- To ensure that the academy is a going concern

The academy has an internal audit service provided by Staffordshire County Council, who complete a health check to assess compliance with the academy's financial policies and procedures. The objective of the check is to provide assurance to the Governing Body that correct procedures are being followed on key areas of financial administration. Substantial Assurance has been awarded to all the audits since conversion to academy status in August 2011.

The Governing Body receive and approve the Financial Statements and the External Auditors Management Report.

**Investment Strategy**

The academy seeks at all times to obtain value for money. In support of this aim we seek to maximise investment returns. In essence the Academy's Investment Strategy is to:

- Regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice a working balance of between £50,000 and £250,000 is likely to be maintained.
- Avoid our current account going overdrawn.
- Identify funds surplus to immediate cash requirements and transfer to The Cheadle Academy Deposit Account bearing a higher interest rate. Funds can be invested for 6 weeks, 3months, 6 months, 12 months and over 12 months based on medium to long term forecast and financial planning.
- Periodically (at least annually) review interest rates and compare with other investment opportunities.
- Only invest funds in risk free deposit accounts.

**Governance Statement (continued)**

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**Review of Value for Money (continued)**

**Better Purchasing**

The academy takes a prudent approach to expenditure. As approximately 80% of the Academy's budget is spent on staffing, the staffing structure is reviewed annually to ensure that it is fit for purpose and can adapt and respond to support the successful attainment of the objectives within the academy's development plan.

Contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. The academy obtains three quotes for all purchases over £500 unless there is only a sole supplier available. The tendering process is used for all purchases over £15,000. Budget holders actively look for best value and this is overseen by the Finance Department who have excellent negotiating skills. The academy always assesses the cost and benefits of various options before making a decision to ensure the right option for the longer term.

The academy payroll is maintained by Staffordshire County Council, and detailed monthly reconciliations of payroll by the Business Manager ensure that payments to staff are correct, all variances are accounted for and recorded.

The academy benchmarks financial performance against other academy trusts to demonstrate that the Trust provides good value for money.

**Collaboration**

Collaboration with other schools enables the academy to be a strategic partner through sharing good practice, offering support and working with a variety of schools. We have representation on the Moorlands 14 – 19 planning groups, we are a member of the Moorlands District Inclusion Panel, and we have links with multi ethnic High Schools in Stoke-on-Trent. We also have strong links with the local community, for example, the Town and District Councils, Care Homes and local employers.

In addition, we are a member of The South Moorlands Learning Community of schools; this is a soft federation of schools across two tiers of education in the Staffordshire Moorlands District.

**Governance Statement (continued)**

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**Review of Value for Money (continued)**

The object of the Collaboration is to enhance the quality of outcomes for the students within our schools, and of the wider community, by working together to:

- Improve teaching and learning
- Provide better quality training opportunities for all staff
- Improve outcomes for young people, in Cheadle and the surrounding area, by offering a full range of learning opportunities across the 3 – 19 age range. There will be the chance to develop cross – phase curricular developments and address personalisation, to enhance the quality of teaching and learning, for example, work with Gifted and Talented and Special Needs students
- Address more effectively issues relating to families and communities, for example, work with vulnerable families and inclusion
- Tackle issues relating to attainment more effectively across the pyramid by, for example, reducing underachievement
- Examine the potential to offer joint appointments across the pyramid
- Achieve economies of scale in purchasing policy, for example, ICT procurement, ICT technical support, administrative supplies, maintenance work
- Achieve savings in planning and administrative time, and developing the potential for pyramid administrative staff who can work with each school
- Enhance strategic planning across all phases
- Seek to develop a shared sense of identity and a common sense of purpose
- Build capacity across all phases
- Join together to access extended services
- Improve further the transition of students between phases
- Provides ICT back up through a service level agreement to our Primary feeder schools

**Maximising Income Generation**

A proactive approach is taken towards preparing funding bids and generating revenue streams in order to maximise income generation. The academy explores every opportunity to generate income through hire of the academy facilities, such as the Community Theatre and Sports Hall.

A monthly cash flow forecast ensures that all surplus cash balances are invested in interest bearing account to maximise interest earning potential.

**Managing risks**

The academy has a comprehensive Risk Register in place, which is reviewed annually by the Members, Senior Leadership Team and the Strategy and Development Committee of the Governing Body. Risk Reports are presently termly to Governors. The Academy has a Business Continuity and Disaster Recovery Management procedures in place and also has procedures covering the recovery of the financial accounting system. The academy tests these procedures at regular intervals and records areas where the procedures are not sufficiently robust.

**Lessons learned**

Following appraisal of previous strategies, the Trust is continuing to look carefully at staffing costs, the senior staff structure, curriculum design, increasing the number of students on roll and maintaining improved rates of student progress.

**Governance Statement (continued)**

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**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Cheadle Academy for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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 Human Resource Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Staffordshire County Council as internal auditor.

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

testing on financial management  
testing on income  
testing on purchases  
testing on debit cards  
testing on imprest accounts  
testing on inventory  
testing on payroll systems

On a biannual basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.



**Governance Statement (continued)**

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**Review of Effectiveness**

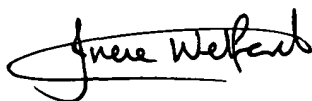
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

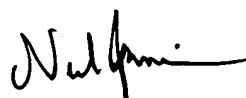
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Human Resource Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 21 November 2018 and signed on their behalf, by:

**Mrs I Welford**  
**Chair of Trustees**



**Mr N Jamieson**  
**Accounting Officer**



**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of The Cheadle Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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



**Mr N Jamieson**  
**Accounting Officer**

Date: 21 November 2018

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Statement of Trustees' Responsibilities**  
**For the Year Ended 31 August 2018**

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

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

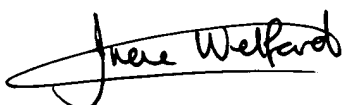
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Mrs I Welford**  
**Chair of Trustees**

**Date: 21 November 2018**

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

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**Opinion**

We have audited the financial statements of The Cheadle Academy (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

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

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**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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 opinions we have formed.



Jonathan Dudley (Senior Statutory Auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor  
Chartered Accountants

Suite 2  
Albion House  
2 Etruria Office Village  
Forge Lane  
Etruria  
Stoke-on-Trent  
21 November 2018

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter dated 21 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Cheadle Academy during the year 1 September 2017 to 31 August 2018 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 Cheadle Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Cheadle Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Cheadle Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of The Cheadle Academy's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Dains LLP**

Statutory Auditor  
Chartered Accountants

Suite 2  
Albion House  
2 Etruria Office Village  
Forge Lane  
Etruria  
Stoke-on-Trent

21 November 2018



**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Statement of Financial Activities incorporating Income and Expenditure Account**  
**For the Year Ended 31 August 2018**

		Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
	Note					
<b>Income from:</b>						
Donations and capital grants	2	-	-	852,764	852,764	19,698
Charitable activities	3	-	2,838,304	-	2,838,304	2,992,867
Other trading activities	4	41,050	16,888	-	57,938	56,796
Investments	5	279	-	-	279	370
<b>Total income</b>		<b>41,329</b>	<b>2,855,192</b>	<b>852,764</b>	<b>3,749,285</b>	<b>3,069,731</b>
<b>Expenditure on:</b>						
Raising funds		-	24,329	-	24,329	22,515
Charitable activities		-	2,909,731	183,354	3,093,085	3,319,956
<b>Total expenditure</b>	6	<b>-</b>	<b>2,934,060</b>	<b>183,354</b>	<b>3,117,414</b>	<b>3,342,471</b>
<b>Net income / (expenditure) before transfers</b>		<b>41,329</b>	<b>(78,868)</b>	<b>669,410</b>	<b>631,871</b>	<b>(272,740)</b>
Transfers between Funds	15	(10,330)	10,330	-	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>30,999</b>	<b>(68,538)</b>	<b>669,410</b>	<b>631,871</b>	<b>(272,740)</b>
Actuarial gains on defined benefit pension schemes	20	-	273,000	-	273,000	428,000
<b>Net movement in funds</b>		<b>30,999</b>	<b>204,462</b>	<b>669,410</b>	<b>904,871</b>	<b>155,260</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		133,508	(1,458,268)	7,062,737	5,737,977	5,582,717
<b>Total funds carried forward</b>		<b>164,507</b>	<b>(1,253,806)</b>	<b>7,732,147</b>	<b>6,642,848</b>	<b>5,737,977</b>

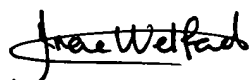
The notes on pages 42 to 64 form part of these financial statements.

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**  
**Registered number: 07694080**

**Balance Sheet**  
**As at 31 August 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	12		7,431,167		7,055,990
<b>Current assets</b>					
Debtors	13	476,060		136,538	
Cash at bank and in hand		783,393		322,536	
		<u>1,259,453</u>		<u>459,074</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(748,772)</u>		<u>(308,087)</u>	
<b>Net current assets</b>			<u>510,681</u>		<u>150,987</u>
<b>Total assets less current liabilities</b>			<u>7,941,848</u>		<u>7,206,977</u>
Defined benefit pension scheme liability	20		<u>(1,299,000)</u>		<u>(1,469,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>6,642,848</u></u>		<u><u>5,737,977</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	15	45,194		10,732	
Restricted fixed asset funds	15	<u>7,732,147</u>		<u>7,062,737</u>	
Restricted income funds excluding pension liability		<u>7,777,341</u>		<u>7,073,469</u>	
Pension reserve		<u>(1,299,000)</u>		<u>(1,469,000)</u>	
Total restricted income funds			<u>6,478,341</u>		<u>5,604,469</u>
Unrestricted income funds	15		<u>164,507</u>		<u>133,508</u>
<b>Total funds</b>			<u><u>6,642,848</u></u>		<u><u>5,737,977</u></u>

The financial statements on pages 39 to 64 were approved by the Trustees, and authorised for issue, on 21 November 2018 and are signed on their behalf, by:



**Mrs I Welford**  
**Chair of Trustees**

The notes on pages 42 to 64 form part of these financial statements.

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	17	<u>40,521</u>	<u>(4,184)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		279	370
Purchase of tangible fixed assets		(108,141)	(30,561)
Capital grants from DfE Group		<u>528,198</u>	<u>14,598</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>420,336</u>	<u>(15,593)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>460,857</b>	<b>(19,777)</b>
Cash and cash equivalents brought forward		<u>322,536</u>	<u>342,313</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><u>783,393</u></u>	<u><u>322,536</u></u>

The notes on pages 42 to 64 form part of these financial statements.

## **1. Accounting Policies**

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

### **1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Cheadle Academy constitutes a public benefit entity as defined by FRS 102.

### **1.2 Going concern**

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

### **1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

Other income, including the 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. Accounting Policies (continued)**

**1.4 Expenditure**

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

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

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

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

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

Long term leasehold land	-	0.8% Straight line
Long term leasehold property	-	2% Straight line
Building improvements	-	5-10% Straight line
Furniture and fixtures	-	25% 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 incorporating Income and Expenditure Account.

**1. Accounting Policies (continued)**

**1.6 Operating leases**

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

**1.7 Debtors**

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

**1.8 Cash at Bank and in hand**

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

**1.9 Liabilities and provisions**

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

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.11 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. Accounting Policies (continued)**

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.13 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/donor and include grants from the Department for Education Group.

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

**Local Government Pension Scheme**

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

**Long- term leasehold land and buildings**

The long term leasehold land and buildings within the accounts relates to the academy premises which were donated to the academy on conversion on a 125 year lease from Staffordshire County Council. The leasehold land and buildings were valued using the ESFA valuation. These are being depreciated in accordance with the depreciation policies set out in note 1. No annual change is made for the use of the land and buldings under the terms of the lease, based on management not being able to reliably measure the open market rates.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed assest funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	-	-	-	5,100
Capital Grants	-	-	852,764	852,764	14,598
	-	-	852,764	852,764	19,698
Total 2017	5,100	-	14,598	19,698	



**The Cheadle Academy**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General annual grant	-	2,598,301	2,598,301	2,761,013
Pupil premium	-	114,835	114,835	134,262
16-19 Bursary Funding	-	5,051	5,051	3,985
Other DfE/ESFA grants	-	3,946	3,946	10,943
	-	2,722,133	2,722,133	2,910,203
<b>Other government grants</b>				
Special educational needs	-	47,102	47,102	24,822
	-	47,102	47,102	24,822
<b>Other funding</b>				
Trip income	-	66,753	66,753	54,936
Other income	-	2,316	2,316	2,906
	-	69,069	69,069	57,842
	-	2,838,304	2,838,304	2,992,867
Total 2017	-	2,992,867	2,992,867	

**4. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	14,436	16,888	31,324	27,472
Staff consultancy services	12,779	-	12,779	17,942
Uniform income	-	-	-	87
Other income	13,835	-	13,835	11,295
	41,050	16,888	57,938	56,796
Total 2017	39,486	17,310	56,796	

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**Notes to the Financial Statements**  
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**5. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	279	-	279	370
Total 2017	370	-	370	

**6. Expenditure**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	3,000	21,329	-	24,329	22,515
Educational Operations:					
Direct costs	1,970,647	-	284,679	2,255,326	2,497,761
Support costs	421,870	116,895	298,994	837,759	822,195
	2,395,517	138,224	583,673	3,117,414	3,342,471
Total 2017	2,501,366	192,999	648,106	3,342,471	

**The Cheadle Academy**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**7. Charitable activities**

	Total funds 2018 £	Total funds 2017 £
<b>Direct costs - educational operations</b>		
Teaching and educational support wages and salaries	1,573,849	1,702,719
Teaching and educational support national insurance	149,774	162,582
Teaching and educational support pension cost	313,023	300,836
Depreciation	9,096	8,803
Educational supplies	87,792	71,448
Examination fees	33,159	47,370
Staff development	15,866	16,545
Travel and subsistence	1,038	-
Moorlands sixth form centre	5,051	132,980
Other direct costs	66,678	54,478
	<u>2,255,326</u>	<u>2,497,761</u>
<b>Support costs - educational operations</b>		
Support staff wages and salaries	286,871	268,040
Support staff national insurance	16,004	16,552
Support staff pension cost	52,995	47,636
Depreciation	174,258	173,484
LGPS net finance cost	37,000	38,000
Recruitment and support	28,129	38,446
Maintenance of equipment	25,385	23,396
Cleaning	9,903	9,372
Rent and rates	28,385	35,025
Energy costs	69,434	62,912
Insurance	11,772	13,350
Security and transport	1,007	1,239
Catering	21,188	21,869
Bank interest and charges	93	152
Other support costs	27,856	31,003
Governance costs	47,479	41,719
	<u>837,759</u>	<u>822,195</u>
	<u><u>3,093,085</u></u>	<u><u>3,319,956</u></u>

**The Cheadle Academy**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

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**8. Net income/(expenditure)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	183,354	182,287
Auditors' remuneration - audit	7,875	7,700
Auditors' remuneration - other services	2,325	2,211
Operating lease rentals	17,085	15,991
	<u>17,085</u>	<u>15,991</u>

**The Cheadle Academy**  
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**Notes to the Financial Statements**  
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**9. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,816,220	1,871,856
Social security costs	165,779	179,135
Operating costs of defined benefit pension schemes	366,018	348,472
	<u>2,348,017</u>	<u>2,399,463</u>
Agency staff costs	47,500	101,903
	<u>2,395,517</u>	<u>2,501,366</u>

**b. Staff numbers**

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

	2018 No.	2017 No.
Teachers	26	30
Admin & support	35	39
Management	8	6
	<u>69</u>	<u>75</u>

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teacher's Pension Scheme.

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £573,567 (2017 - £429,145).

**The Cheadle Academy**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
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**10. Trustees' remuneration and expenses**

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

		2018 £	2017 £
Mr N Jamison - Principal	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr C Hadley - staff trustee	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr A Harding - staff trustee	Remuneration	45,000-50,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs S Smith - staff trustee	Remuneration	5,000-10,000	-
	Pension contributions paid	0-5,000	-
Mrs C Bullock - Community governor	Remuneration	0-5,000	0-5,000
	Pension contributions paid	0-5,000	0-5,000
Ms C Sherratt - staff trustee (resigned 31 August 2017)	Remuneration	N/A	15,000-20,000
	Pension contributions paid	N/A	-

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

**11. Trustees' and Officers' Insurance**

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

**The Cheadle Academy**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**12. Tangible fixed assets**

	Long-term leasehold property £	Furniture and fixtures £	Computer equipment £	Building improvements £
<b>Cost</b>				
At 1 September 2017	7,575,824	14,076	44,212	414,820
Additions	-	-	-	558,531
At 31 August 2018	7,575,824	14,076	44,212	973,351
<b>Depreciation</b>				
At 1 September 2017	856,384	8,638	23,678	104,242
Charge for the year	142,772	2,506	9,096	28,980
At 31 August 2018	999,156	11,144	32,774	133,222
<b>Net book value</b>				
At 31 August 2018	6,576,668	2,932	11,438	840,129
At 31 August 2017	6,719,440	5,438	20,534	310,578
				<b>Total £</b>
<b>Cost</b>				
At 1 September 2017				8,048,932
Additions				558,531
At 31 August 2018				8,607,463
<b>Depreciation</b>				
At 1 September 2017				992,942
Charge for the year				183,354
At 31 August 2018				1,176,296
<b>Net book value</b>				
At 31 August 2018				7,431,167
At 31 August 2017				7,055,990

**The Cheadle Academy**  
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**13. Debtors**

	2018 £	2017 £
Trade debtors	4,250	11,389
VAT recoverable	99,583	27,867
Other debtors	-	176
Prepayments and accrued income	372,227	97,106
	<u>476,060</u>	<u>136,538</u>

**14. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	339,094	61,149
Other taxation and social security	42,553	47,489
Other creditors	156,071	156,743
Accruals and deferred income	211,054	42,706
	<u>748,772</u>	<u>308,087</u>

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	24,452	37,035
Resources deferred during the year	27,188	24,452
Amounts released from previous years	(24,452)	(37,035)
Deferred income at 31 August 2018	<u>27,188</u>	<u>24,452</u>

At the balance sheet date the academy was holding funds relating to grants for the 2018/19 academic year and trips taking place during the 2018/19 academic year.



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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**15. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds	133,508	41,329	-	(10,330)	-	164,507
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	2,598,301	(2,566,457)	-	-	31,844
Educational Visits	3,452	66,753	(66,678)	(20)	-	3,507
Other DfE/ESFA	-	123,832	(123,832)	-	-	-
Sports Hall for Cheadle Schools	6,428	16,888	(24,329)	7,000	-	5,987
Other Government Grants	-	47,102	(47,102)	-	-	-
Other Restricted Income	852	2,316	(2,662)	3,350	-	3,856
Pension reserve	(1,469,000)	-	(103,000)	-	273,000	(1,299,000)
	<u>(1,458,268)</u>	<u>2,855,192</u>	<u>(2,934,060)</u>	<u>10,330</u>	<u>273,000</u>	<u>(1,253,806)</u>
<b>Restricted fixed asset funds</b>						
Donation from Local Authority	6,757,812	-	(142,772)	-	-	6,615,040
Academies Capital Maintenance Fund	236,130	-	(22,406)	-	-	213,724
Devolved Formula Capital Grant	56,669	13,806	(10,357)	-	-	60,118
Donations for capital work	4,006	-	-	-	-	4,006
Contributions from unrestricted funds	8,120	-	(7,819)	-	-	301
Condition improvement fund	-	838,958	-	-	-	838,958
	<u>7,062,737</u>	<u>852,764</u>	<u>(183,354)</u>	<u>-</u>	<u>-</u>	<u>7,732,147</u>
Total restricted funds	<u>5,604,469</u>	<u>3,707,956</u>	<u>(3,117,414)</u>	<u>10,330</u>	<u>273,000</u>	<u>6,478,341</u>
Total of funds	<u>5,737,977</u>	<u>3,749,285</u>	<u>(3,117,414)</u>	<u>-</u>	<u>273,000</u>	<u>6,642,848</u>

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

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

**Unrestricted funds**

This fund represents those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees.

**Restricted funds**

This fund represents grants received for the academy's operational activities and development, restricted trip income, income for the Sports Hall for Cheadle Schools and other restricted income.

**Pension reserve**

This fund represents the academy's share of the pension liability arising on the LGPS pension fund.

**Restricted fixed asset funds**

This fund related to grant funding received from the ESFA to carry out works of a capital nature, donations towards capital in respect of the lecture theatre, the donation of the disabled access work and leasehold land and buildings from the local authority on a 125 year lease and a small amount of capital expenditure from GAG.

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 2018.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

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

**Statement of funds - prior year**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>General funds</b>						
General Funds	159,663	44,956	-	(71,111)	-	133,508
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	2,761,013	(2,819,124)	58,111	-	-
Educational Visits	2,995	54,936	(54,479)	-	-	3,452
Other DfE/ESFA	-	149,190	(149,190)	-	-	-
Sports Hall for Cheadle Schools	2,633	17,310	(22,515)	9,000	-	6,428
Other Government Grants	-	24,822	(24,822)	-	-	-
Other Restricted Income	-	2,906	(2,054)	-	-	852
Pension reserve	(1,809,000)	-	(88,000)	-	428,000	(1,469,000)
	<u>(1,803,372)</u>	<u>3,010,177</u>	<u>(3,160,184)</u>	<u>67,111</u>	<u>428,000</u>	<u>(1,458,268)</u>
<b>Restricted fixed asset funds</b>						
Donation from Local Authority	6,902,749	-	(144,937)	-	-	6,757,812
Academies Capital Maintenance Fund	258,536	-	(22,406)	-	-	236,130
Devolved Formula Capital Grant	52,848	14,598	(10,777)	-	-	56,669
Donations for capital work	4,585	-	(579)	-	-	4,006
Contributions from unrestricted funds	7,708	-	(3,588)	4,000	-	8,120
	<u>7,226,426</u>	<u>14,598</u>	<u>(182,287)</u>	<u>4,000</u>	<u>-</u>	<u>7,062,737</u>
Total restricted funds	<u>5,423,054</u>	<u>3,024,775</u>	<u>(3,342,471)</u>	<u>71,111</u>	<u>428,000</u>	<u>5,604,469</u>
Total of funds	<u>5,582,717</u>	<u>3,069,731</u>	<u>(3,342,471)</u>	<u>-</u>	<u>428,000</u>	<u>5,737,977</u>

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A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds	159,663	86,285	-	(81,441)	-	164,507
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,359,314	(5,385,581)	58,111	-	31,844
Educational Visits	2,995	121,689	(121,157)	(20)	-	3,507
Other DfE/ESFA	-	273,022	(273,022)	-	-	-
Sports Hall for Cheadle Schools	2,633	34,198	(46,844)	16,000	-	5,987
Other Government Grants	-	71,924	(71,924)	-	-	-
Other Restricted Income	-	5,222	(4,716)	3,350	-	3,856
Pension reserve	(1,809,000)	-	(191,000)	-	701,000	(1,299,000)
	<u>(1,803,372)</u>	<u>5,865,369</u>	<u>(6,094,244)</u>	<u>77,441</u>	<u>701,000</u>	<u>(1,253,806)</u>
<b>Restricted fixed asset funds</b>						
Donation from Local Authority	6,902,749	-	(287,709)	-	-	6,615,040
Academies Capital Maintenance Fund	258,536	-	(44,812)	-	-	213,724
Devolved Formula Capital Grant	52,848	28,404	(21,134)	-	-	60,118
Donations for capital work	4,585	-	(579)	-	-	4,006
Contributions from unrestricted funds	7,708	-	(11,407)	4,000	-	301
Conditional improvement fund	-	838,958	-	-	-	838,958
	<u>7,226,426</u>	<u>867,362</u>	<u>(365,641)</u>	<u>4,000</u>	<u>-</u>	<u>7,732,147</u>
	<u>5,423,054</u>	<u>6,732,731</u>	<u>(6,459,885)</u>	<u>81,441</u>	<u>701,000</u>	<u>6,478,341</u>
<b>Total of funds</b>	<u><u>5,582,717</u></u>	<u><u>6,819,016</u></u>	<u><u>(6,459,885)</u></u>	<u><u>-</u></u>	<u><u>701,000</u></u>	<u><u>6,642,848</u></u>

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**16. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	7,431,167	7,431,167
Current assets	164,507	793,966	300,980	1,259,453
Creditors due within one year	-	(748,772)	-	(748,772)
Provisions for liabilities and charges	-	(1,299,000)	-	(1,299,000)
	<u>164,507</u>	<u>(1,253,806)</u>	<u>7,732,147</u>	<u>6,642,848</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,055,991	7,055,991
Current assets	133,508	318,820	6,746	459,074
Creditors due within one year	-	(308,088)	-	(308,088)
Provisions for liabilities and charges	-	(1,469,000)	-	(1,469,000)
	<u>133,508</u>	<u>(1,458,268)</u>	<u>7,062,737</u>	<u>5,737,977</u>

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	631,871	(272,740)
<b>Adjustment for:</b>		
Depreciation charges	183,354	182,287
Dividends, interest and rents from investments	(279)	(370)
Increase in debtors	(14,956)	(14,213)
(Decrease)/increase in creditors	(9,705)	27,450
Capital grants from DfE and other capital income	(852,764)	(14,598)
Defined benefit pension scheme cost less contributions payable	66,000	50,000
Defined benefit pension scheme finance cost	37,000	38,000
<b>Net cash provided by/(used in) operating activities</b>	<u>40,521</u>	<u>(4,184)</u>

**The Cheadle Academy**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

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**18. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	783,393	322,536
Total	<u>783,393</u>	<u>322,536</u>

**19. Capital commitments**

At 31 August 2018 the Academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>292,613</u>	<u>-</u>

**20. 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 Staffordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £37,096 were payable to the schemes at 31 August 2018 (2017 - £29,440) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

**20. Pension commitments (continued)**

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

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

The employer's pension costs paid to TPS in the period amounted to £224,761 (2017 - £225,162).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £95,979 (2017 - £100,000), of which employer's contributions totalled £75,257 (2017 - £79,000) and employees' contributions totalled £20,722 (2017 - £21,000). The agreed contribution rates for future years are 22.2% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2018</b>	<b>2017</b>
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>2.80 %</b>	2.80 %
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	2.40 %
Inflation assumption (CPI)	<b>2.40 %</b>	2.40 %
Commutation of pensions to lump sums - post April 2008	<b>75.00 %</b>	75.00 %
Commutation of pensions to lump sums - pre April 2008	<b>50.00 %</b>	50.00 %

**The Cheadle Academy**  
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**20. Pension commitments (continued)**

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.4	26.4

	At 31 August 2018 £	At 31 August 2017 £
<b>Sensitivity analysis</b>		
Discount rate -0.5%	342,000	338,000
Salary rate +0.5%	42,000	49,000
Pension increase rate +0.5%	291,000	284,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,309,000	1,279,000
Gilts	56,100	202,000
Corporate bonds	355,300	135,000
Property	149,600	67,000
Total market value of assets	<u>1,870,000</u>	<u>1,683,000</u>

The actual return on scheme assets was £106,590 (2017 - £143,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(135,000)	(129,000)
Past service cost	(7,000)	-
Interest income	43,000	29,000
Interest cost	(80,000)	(67,000)
Total	<u>(179,000)</u>	<u>(167,000)</u>



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**20. Pension commitments (continued)**

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

	2018 £	2017 £
Opening defined benefit obligation	3,152,000	3,152,000
Current service cost	135,000	129,000
Interest cost	80,000	67,000
Employee contributions	21,000	21,000
Actuarial gains	(201,000)	(155,000)
Benefits paid	(25,000)	(62,000)
Past service costs	7,000	-
Closing defined benefit obligation	<u>3,169,000</u>	<u>3,152,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,683,000	1,343,000
Return on plan assets (excluding net interest on the net defined pension liability)	43,000	29,000
Actuarial gains	72,000	273,000
Employer contributions	76,000	79,000
Employee contributions	21,000	21,000
Benefits paid	(25,000)	(62,000)
Closing fair value of scheme assets	<u>1,870,000</u>	<u>1,683,000</u>

**21. Operating lease commitments**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	16,393	17,085
Between 1 and 5 years	13,360	16,948
Total	<u>29,753</u>	<u>34,033</u>

**22. 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.

**23. Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the period:

Phoenix Learning Limited, a company in which N Jamieson (a trustee of the trust) has a majority interest:

The trust sold educational consultancy services to Phoenix Learning Limited totalling £360 (2017 - £1,209) during the year. There was £Nil (2017 - £Nil) outstanding at 31 August 2018.

The trust made the purchase at arm's length in accordance with its financial regulations.

In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

K Wibberley, daughter of C Bullock, a trustee, is employed by the academy trust as a teacher. K Wibberley's appointment was made in open competition and C Bullock was not involved in the decision making process regarding appointment. K Wibberley is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.