

Chesterton Academy Trust

Trustees Report and Financial Statements

For the year ended 31 August 2016



Chesterton Academy Trust
(A company limited by guarantee)

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Chesterton Academy Trust
(A company limited by guarantee)

Reference and Administrative Details
For the year ended 31 August 2016

Members

Mr M Dolman
Mrs S Gribbin
Mr R Dutton
Mr J Cooper

Trustees

Mr M Dolman, Chair of Trustees¹
Mrs S Gribbin, Vice Chair¹
Mr R Dutton¹
Mr J Cooper¹
Mr T Blaise (resigned 24 January 2016)
Mr G Bridgwood¹
Mrs S Francis, Staff Trustee
Mrs M Gray
Mrs L Jackson, Executive Headteacher¹
Mr D Maxted, Staff Trustee¹
Mr J Mueller (resigned 13 June 2016)
Miss C Pattison, Staff Trustee¹
Mrs S Phillips¹
Mr B Roden¹
Mrs D Skupham, Staff Trustee¹
Mr R Swindells, Staff Trustee¹
Mrs L Wraxton
Mr G Bridgwood¹
Mr D Maxted, Staff Trustee¹

¹ Member of the Operations Committee

Company registered number

08786812

Company name

Chesterton Academy Trust

Principal and registered office

Chesterton Community Sports College
Castle Street
Chesterton
Newcastle under Lyme
Staffordshire
ST5 7LP

Chesterton Academy Trust
(A company limited by guarantee)

Reference and Administrative Details of the Academy, its Trustees and Advisers
For the year ended 31 August 2016

Advisers (continued)

Company secretary

Mrs J Stokes

Senior management team

Mrs L Jackson, Executive Headteacher & CEO

Mr R Swindells, Director of Finance, Premises and Assets, Deputy CEO & Headteacher CCSC

Mrs D Skupham, Director of Pupil Health, Well-being and Safety & Headteacher CPS

Ms S Melvin, Director of Partnership and Communications & Deputy Headteacher CCSC

Ms S Booth, Director of Teaching and Learning

Independent auditors

Dains LLP
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Bankers

Lloyds Bank Plc
46-48 High Street
Newcastle under Lyme
Staffordshire
ST5 1QY

Solicitors

Grindeys Solicitors
Swift House, Glebe Street
Stoke on Trent
ST4 1HG

Chesterton Academy Trust
(A company limited by guarantee)

Trustees' Report
For the year ended 31 August 2016

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

The trust operates 1 primary and 1 secondary academy in Chesterton. Its academies have a combined pupil capacity of 1015 and had a roll of 944 in the school census on Thursday 1st October 2015.

Structure, governance and management

Constitution

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

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

The Trustees of Chesterton Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Chesterton Academy Trust and the schools are known as Churchfields Primary School and Chesterton Community Sports College.

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 year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The Academy Trust has 4 Members including the Chair of Governors and 3 Governors who have signed the Memorandum of Association. The Secretary of State has the right to appoint a Member and the Members have the right to appoint additional Members from the Governing Body.

The Members may appoint up to 18 Directors, who will act as Governors of both schools. At 31 August 2016, the Academy Trust had 16 Directors of which 11 were appointed by the Members to represent the community (this includes the Executive Headteacher and Headteachers from both schools), 2 were elected by parents, 3 were elected by the staff of the Academy. The term of office for any Director is 4 years, and, subject to eligibility, Directors may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Trustees

The Directors have designated the Vice-chair as the Director responsible for the induction and training of Directors. All new Directors have received an induction from the Vice-chair and a pack of training materials including the DfE guide for School Governors, previous minutes of meetings, the Articles of Association and Funding Agreement and the School Development Plan. Director training is ongoing and happens on a bespoke basis both inside and outside of formal meetings.

Organisational structure

The organisational structure of the academy has 3 levels: Governance, leadership and management. The Directors are responsible for setting the vision and aims of the Academy, adopting and monitoring the annual school development plan and budget and making major strategic decisions about the future of the Academy, capital expenditure and senior staff appointments. The Trust Leadership Team operates as the Academy executive and provides regular reports to the Directors. The team consists of CEO/Executive Headteacher, Director of Finance, Premises and Assets/Deputy CEO/Headteacher CCSC, Director of Pupil Health, Well-being and Safety/Headteacher of Churchfields, Director of Teaching and Learning, Director of Partnership and Communication/Deputy Headteacher of CCSC.

The management team within each school operates the academic, pastoral and business functions of the academies and reports to the Trust Leadership Team.

The board of Directors has in place a delegation policy showing the limits at which expenditure can be authorised at each level of management within the Academy.

Arrangements for setting pay and remuneration of key management personnel

Staff pay is governed by the academies pay policy, which is reviewed by Directors regularly. Performance management reviews occur on an annual cycle and are used as the procedure on which decisions for individuals to progress through the pay scales are made. There is a clear system, laid down in policy, and line managers review people's performance regularly throughout the year and this is part of the day to day practice and culture of the organisation. Directors pay committee, which is made up of the members of the Trust, considers the management recommendations for pay progression and has the ultimate say in the decision making.

Key individuals

Trustees (non- SLT employees). The process is the same as for all staff outlined above. It is clear rigorous and evidence based.

Trust senior leadership roles

In setting the original pay rates for members of the trust leadership the pay committee looked at evidence from a report in terms of roles and responsibilities, this evidence also looked at benchmarking against similar vacancies that have been advertised and pay levels in other trusts nationally of a similar size. External opinion was also taken from the consultant who advises on Executive Headteacher performance management.

Future pay progression follows a rigorous performance management process. Directors receive external support from a consultant, who is a recently retired CEO with a proven track record, when reviewing the performance of the Executive Headteacher. The Executive Headteacher follows the same process with the Trust Senior Leaders. Recommendations are then made to the pay committee who make the final decision.

Other Headteachers within the trust

The Executive Headteacher undertakes a rigorous performance management process that is evidence based for all Headteachers within the trust. Recommendations for any pay progression are based upon an impartial examination of the facts. These recommendations are then discussed with the local governing bodies which pass on recommendations to the Trust's Pay Committee for a final decision.

Connected organisations, including related party relationships

Until 1st October 2016 the academy consisted of two schools. Chesterton Community Sports College which sponsors Churchfields Primary School. Both schools share the same Governance, leadership and management structure. Key personnel work across the academy.

The academy trust also has the lease for Chesterton Vision Centre, where it ensures the provision of youth centre facilities for the local community. Assistant Headteacher for CCSC runs the team of volunteers that delivers the youth provision.

Objectives and Activities

Objects and aims

The main objective of the Academy Trust is to ensure that all pupils achieve the highest possible standards. This applies to both academic qualifications and to wider aspects of learning.

We aim that pupils leave our schools as fully rounded individuals who have the educational, social and emotional skills to play a full part in their local, national and international community.

Objectives, Strategies and Activities

Chesterton Academy Trust

The main aims of the academy trust over the next three years are to:

- Develop MAT infra-structure
- Ensure all schools increase standards of attainment and progress to well above national expectations
- Develop reputation of being a very supportive and successful MAT
- Provide a quality service for schools in the trust
- Expand membership of MAT

Chesterton Community Sports College

The main objectives for the Academic Year 2015-16 were:

- Continue to have healthy intake for NOR
- Ensure that Progress 8 is positive
- Improve headline results and more rapid progress in Maths & Humanities
- Improve challenge across the school in all classes on a weekly basis.
- Ensure that all subjects contribute greater to Pot 3 in the progress 8 measure
- Improve the attendance of disadvantaged pupils and those with disabilities
- Continue to develop all teaching and assessment in order to stretch the more able

Churchfields Primary School

The main objectives for the Academic Year 2015-16 were:

- To continue to get good results and increase RIGOUR in all assessment measures and develop new assessment system
- To continue to develop teaching and learning with the percentage of lessons reaching outstanding increasing
- To develop provision for able and talented and SEN with appropriate interventions and record keeping
- To redesign the curriculum so that it meets the needs of our children and the requirements of the NC
- To develop parental involvement in school life
- To continue to increase numbers on roll
- School attendance to increase to 96.5%

Both schools show commitments to local, national and international charities and have undertaken activities that educate pupils and show support for many charities. The principal ones are:

- Salvation Army Christmas Toy Appeal
- Heartstart
- Royal British Legion Poppy appeal
- Children in Need
- Fair Trade
- Oxfam
- MacMillan
- Sports Relief
- Local charity to support an individual disabled child
- Operation Christmas Child (Samaritan's Purse)
- Cancer Research
- Dementia Friends
- Christmas Hampers (Local care homes etc)
- Cancer Research
- Alice charity

Public benefit

The Academy Trust has continued to manage the public use of the Sports Centre at Chesterton Community Sports College. The centre is well used by many different local community groups and individuals.

In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic Report

Achievements and Performance

Chesterton Community Sports College opened as an Academy on 1st December 2013 and replaced the previous school of the same name. The school was last inspected in March 2016 where it was judged to be 'good'.

Standards are a strength within the school with a new progress 8 score +0.03 which indicates that pupils perform better at CCSC than in most other schools nationally and locally.

The school's reputation amongst the community continues to develop, in September 2016 we have had our highest ever intake with 169 pupils joining in year 7.

Churchfields Primary School opened as an Academy on 1st December 2013 and replaced the previous school of the same name. The school was inspected in July 2015 when it was judged to be 'outstanding' in all categories.

Since then standards have continued to rise and are now either in line with national averages or significantly above. Progress scores in all areas are positive which means that pupils make more progress at Churchfields than at other primary schools both nationally and locally.

There has also been a significant increase in the demand for places. For admissions for September 2016 the school was oversubscribed.

Key performance indicators

Chesterton Community Sports College

- Ofsted Inspection March 2016 – Good
- Progress 8 score +0.03
- Attainment 8 score 49.4 (above average)
- 28% achieved 'E-Bacc' (above average)
- Attendance has risen from 94.7% to 95.3%
- Pupil intake for year 7 in September was 170 (PAN 140)

Churchfields Primary

- Ofsted Inspection July 2015 – Outstanding in all categories
- KS1 Results for Reading 78% at expected level or above, Writing 74% at expected level or above, Maths 80% at expected level or above – all results above national averages
- KS2 Results for all subjects combined were: 63% (national average was 53%)
- KS2 Reading had 69% at expected level or above, Writing 78% at expected level or above and Maths 73% at expected level or above – all results above national averages
- KS2 progress measures were: Reading +1.39, Writing +2.83 (significantly above average), Maths +1.27
- KS2 progress results for disadvantaged pupils were: Reading +1.52, Writing +2.88, Maths +2.49 (significantly above national averages).
- Attendance has risen from 95.1% to 95.2%
- Intake into reception was 60 (PAN 60)

Going concern

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

Financial review

The Academy's key source of funding is the General Annual Grant (GAG) from the Education Funding Agency (EFA). Funding from the EFA is shown as restricted funds in the Statement of Financial Activities. During the year to 31 August 2016, the Academy received GAG of £4,209,306 in addition to other income sources. The analysis of the specific grants and income received can be seen within notes 2 to 5 to the financial statements.

During the year to 31 August 2016, total resources expended are £5,126,898 excluding depreciation. Depreciation of £252,743 has been charged during the year against the restricted fixed asset fund.

The excess of income over expenditure for the period (excluding the movement in the pension reserve and restricted fixed asset fund) was £32,683.

At 31 August 2016, the net book value of tangible fixed assets totalled £6,960,850 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and associated support services to the students of the Academy.

Reserves policy

The reserves policy encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The individual academy reserves will be held together and in total will form the central trust reserves. Individual academies will have access to these reserves.

The Board of Directors review the reserve levels of Chesterton Academy Trust annually.

The appropriate level of free reserves should be equivalent of 12 weeks expenditure to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. When they are lower than required the Academy Trust will continue building up free reserves until they reach it.

The aim of the Directors is to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated. The Reserves provide a cushion to deal with unexpected emergencies such as urgent maintenance, help to maintain staffing levels during a short-term reduction in pupil numbers, for maternity cover, long-term illness cover and help to plan for capital projects. Reserve levels are regularly discussed at Operation Committee meetings, and will be reviewed annually.

Current reserves of £173,709 (excluding the pension reserve and restricted fixed asset fund) are being held in line with the above.

Investments policy

Introduction

The Trust aims to manage surplus cash to provide for the day-to-day working capital requirements of its operations, whilst seeking to protect its value against inflation. In addition, the trust aims to invest surplus cash funds to optimise returns whilst ensuring the level of risk taken is appropriate.

Objectives and Targets

To ensure adequate cash balances are maintained to cover day-to-day working capital requirements.
To avoid the risk of loss in the capital value of any cash funds invested.
To protect the capital value of any invested funds against inflation.
To optimise returns on invested funds.

Action plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the school's current account to cover financial commitments such as payroll and day-to-day expenses. Where the cash flows identify a base level of cash funds that will be surplus to requirements, these may be invested only in the following:

- Interest bearing accounts
- Deposits or other investments where the risk of loss is minimised.

Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure.

Monitoring and evaluation

The Bursar will compare alternative investment opportunities every year to ensure that the trust's funds achieve the best interest rates. An independent financial adviser will be used to undertake the research and make a recommendation.

The Executive Headteacher and Bursar are responsible for ensuring that this policy is adhered to.

Principal risks and uncertainties

The principal risks and uncertainties have been assessed and are as follows:

Financial - The Academy has considerable reliance on continued Government funding and whilst this level is expected to continue, there is no assurance the government policy or practice will remain the same, or that public funding will continue at the same levels or on the same terms.

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

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

Financial - The Academy has considerable reliance on continued Government funding and whilst this level is expected to continue, there is no assurance the government policy or practice will remain the same, or that public funding will continue at the same levels or on the same terms.

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

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

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

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

Fraud and mismanagement of funds – The Academy has appointed a Responsible Officer to carry out checks on financial records. All finance staff receive training to keep them up to date with financial requirements and develop their skills in this area.

Plans for Future Periods

Chesterton Academy Trust

Main development priorities and key actions are:

- Develop MAT infra-structure
- Ensure all schools increase standards of attainment and progress to well above national expectations
- Develop reputation of being a very supportive and successful MAT
- Provide a quality service for schools in the trust
- Expand membership of MAT

Chesterton Community Sports College

The school priorities and key actions are:

- Continue to have healthy intake for NOR
- Ensure that Progress 8 is positive
- Improve headline results and more rapid progress in Maths & Humanities
- Improve challenge across the school in all classes on a weekly basis.
- Ensure that all subjects contribute greater to Pot 3 in the progress 8 measure
- Improve the attendance of disadvantaged pupils and those with disabilities
- Continue to develop all teaching and assessment in order to stretch the more able pupils across the school.

Chesterton Primary School

The school priorities and key actions are:

- Raising attainment in English & Maths across the school, building on past years of improvement in order to achieve targets set : combined English and Maths L4+ is at least 85% at YEAR 6 and 35% L5 combined.
- Raising attainment in the EYFS and KS1 in line with National expectations, therefore, expecting accelerated progress across all groups of children from their low starting points.
- Securing accountability across the school.
- Improving the quality of teaching from being consistently GOOD to OUTSTANDING, embedding ambition. • Using assessment, monitoring and evaluation to plan for improved outcomes for all children.
- Policies and practice adhered to consistently by all members of staff.
- Ensuring that all children feel safe at school at all times.
- Develop a strategic plan for leadership development to increase capacity and sustainability.
- Developing rigorous self-evaluation based on secure evidence base.
- Meeting the needs of all learners and preparing children for their next destination and how prepared they are.
- Computing supporting learning for the next generation.
- High quality professional development which ensure that staff have the ability to deliver outstanding provision in all aspects of school life for all groups of children.

Plans for Future Periods (continued)

Churchfields Primary School

The school priorities and key actions are:

- To continue to get good results and increase RIGOUR in all assessment measures and develop new assessment system
- To continue to develop teaching and learning with the percentage of lessons reaching outstanding increasing
- To develop provision for able and talented and SEN with appropriate interventions and record keeping
- To redesign the curriculum so that it meets the needs of our children and the requirements of the NC
- To develop parental involvement in school life
- To continue to increase numbers on roll
- School attendance to increase to 96.5%

Crackley Bank Primary School

The school priorities and key actions are:

- To strengthen the effectiveness of Leadership, Management and Governance
- To improve the quality of teaching and learning in all subjects, with a focus upon Literacy, Maths, and Science, in order to accelerate progress and raise attainment.
- To develop all pupils into confident self-assured learners with positive attitudes who work hard, behave well, attend well and are safe.
- To ensure that all pupils make substantial and sustained progress so that attainment of most pupils is broadly in line with national averages.
- To make sure that children, in EYFS, make consistently high rates of progress in relation to their starting points and that gaps between the attainment of groups of children are closed rapidly.

Funds held as custodian

The academy does not hold any funds on behalf of others.

Disclosure of information to auditors

Insofar as the trustees are aware:

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

This report was approved by order of the board of trustees as the company directors, on 8 December 2016 and signed on its behalf by:



Mr M Dolman
Chair of Trustees

Chesterton Academy Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Chesterton Academy Trust 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 Chesterton Academy Trust 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 3 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
Mr M Dolman, Chair of Trustees	3	3
Mrs S Gribbin, Vice Chair	1	3
Mr R Dutton	2	3
Mr J Cooper	3	3
Mr T Blaise	0	1
Mr G Bridgwood	2	3
Mrs S Francis, Staff Trustee	2	3
Mrs M Gray	3	3
Mrs L Jackson, Executive Headteacher	3	3
Mr D Maxted, Staff Trustee	1	3
Mr J Mueller	3	3
Miss C Pattison, Staff Trustee	2	3
Mrs S Phillips	3	3
Mr B Roden	1	3
Mrs D Skupham, Staff Trustee	3	3
Mr R Swindells, Staff Trustee	3	3
Mrs L Wraxton	1	3
Mr R Dolman	2	3

Prior to conversion to academy status new Trustees undertook a review of skills. This was then used to ensure that trustees were allocated to the correct committee, and to see if there were any training needs that needed to be met before conversion.

The four members were also required to submit their skills set to the DfE in order for the Trust to be approved as an appropriate Sponsor. The DfE agreed that the skills they have matched what was needed.

Chesterton Academy Trust
(A company limited by guarantee)
Governance Statement (continued)

The Operations Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the financial activities of the Academy Trust and make decisions relating to finance. In addition the Operations Committee has also been given the responsibilities of the audit committee, in order to review the controls over the Academy Trust's finances.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Dolman	2	3
Mrs S Gribbin	1	3
Mr J Cooper	0	3
Mr R Dutton	3	3
Mr R Dolman	3	3
Miss S Philips	3	3
Mr B Roden	1	3
Miss L Jackson	3	3
Mr R Swindells	3	3
Mrs D Skupham	3	3
Mr D Maxted	3	3
Miss C Pattison	2	3
Mr G Bridgwood	3	3

Review of Value for money

I accept that as Accounting Officer of Chesterton Academy Trust I am responsible and accountable for ensuring that the Trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements, which refer to the education and wider social outcomes, achieved in return for the taxpayers resources received.

I have set out below how I have ensured that the Trust's use of its resources has provided good value for money during the academic year.

The Trust is committed to:-

1. Improving educational outcomes

This is demonstrated by the results for both academies for 2015/16:

Chesterton Community Sports College

- Ofsted Inspection March 2016 – Good
- Progress 8 score +0.03
- Attainment 8 score 49.4 (above average)
- 28% achieved 'E-Bacc' (above average)
- Attendance has risen from 94.7% to 95.3%
- Pupil intake for year 7 in September was 170 (PAN 140)

Churchfields Primary

- Ofsted Inspection July 2015 – Outstanding in all categories
- KS1 Results for Reading 78% at expected level or above, Writing 74% at expected level or above, Maths 80% at expected level or above – all results above national averages
- KS2 Results for all subjects combined were: 63% (national average was 53%)
- KS2 Reading had 69% at expected level or above, Writing 78% at expected level or above and Maths 73% at expected level or above – all results above national averages
- KS2 progress measures were: Reading +1.39, Writing +2.83 (significantly above average), Maths +1.27
- KS2 progress results for disadvantaged pupils were: Reading +1.52, Writing +2.88, Maths +2.49 (significantly above national averages).
- Attendance has risen from 95.1% to 95.2%
- Intake into reception was 60 (PAN 60)

2. Robust Governance and Oversight of Academy Finances

The trust benefits from Directors with financial experience and they have employed a firm of accountants to review key financial policies, systems and procedures, including ensuring the Responsible Officer role is fulfilled. The Governing Body receives regular reports on compliance.

The trust receives support throughout the year from an Entrust Support Officer, including a designated accountant and from its External Auditors on compliance and accounting practices.

The operations committee receives regular monitoring reports and report on compliance with the Scheme of Delegation. The Board approves the budget each year and is mindful of the need to balance expenditure against income to ensure that the Trust remains a 'going concern'. The Directors also receive and approve the Annual Accounts and the External Auditors Management Report

3. Better Purchasing

The Trust monitors and reviews its contracts on a regular basis ensuring each provides value for money. Regular meetings are held with myself, the Bursar and the Headteacher(s) with main service providers to ensure that the contracts remain fit for purpose and give the academies the best possible deal.

The Trust regularly monitors its financial and educational performance against other academies to demonstrate that it is providing value for money.

Tendering exercises ensure that major purchases achieve value for money.

The Trust looks at purchases across both academies to ensure that the best deal is achieved by the increased purchasing power of two schools. The trust has also worked collaboratively with the other Newcastle High Schools to procure services and benefit from economies of scale, eg Careers Service.

4. Maximising income generation

The Trust takes every opportunity to generate income through the hire of its facilities. The sporting facilities are heavily used for the benefit of the local community.

The Trust also provides ICT services to a number of local primary schools outside the trust this benefits all schools.

5. Reviewing controls and managing risks

I, together with the Bursar and Headteacher review expenditure within each budget heading and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum changes and any other new strategies identified in the School Development Plans.

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 Chesterton Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of income systems
- testing of control account/ bank reconciliations

On a termly basis, the auditor's 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.

Dains has delivered their schedule of work as planned, and no material control issues have been identified.

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

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

Chesterton Academy Trust
(A company limited by guarantee)
Governance Statement (continued)

Approved by order of the members of the board of trustees on 8 December 2016 and signed on their behalf, by:



Mr M Dolman
Chair of Trustees



Mrs L Jackson
Accounting Officer

Chesterton Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chesterton Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Mrs L Jackson
Accounting Officer

Date: 8 December 2016

Chesterton Academy Trust
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the year ended 31 August 2016

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 8 December 2016 and signed on its behalf by:



Mr M Dolman
Chair of Trustees

Chesterton Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Chesterton Academy Trust

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

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Chesterton Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Chesterton Academy Trust

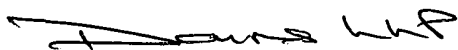
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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
ST1 5RQ

Date:  8 December 2016

Chesterton Academy Trust
(A company limited by guarantee)

Independent Reporting Auditors' Assurance Report on Regularity to Chesterton Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 7 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chesterton Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Chesterton Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chesterton Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Chesterton Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chesterton Academy Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Chesterton Academy Trust's funding agreement with the Secretary of State for Education dated 28 November 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

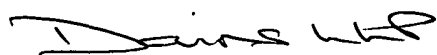
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

Chesterton Academy Trust
(A company limited by guarantee)

Independent Reporting Auditors' Assurance Report on Regularity to Chesterton Academy Trust and the Education Funding Agency (continued)

Conclusion

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



Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 8 December 2016

Chesterton Academy Trust
(A company limited by guarantee)
Statement of Financial Activities Incorporating Income and Expenditure Account
For the year ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	-	-	39,406	39,406	371,874
Charitable activities	3	28,609	4,914,404	-	4,943,013	4,797,521
Other trading activities	4	191,642	-	-	191,642	176,740
Investments	5	573	-	-	573	511
Total income		220,824	4,914,404	39,406	5,174,634	5,346,646
Expenditure on:						
Raising funds		123,801	-	-	123,801	108,559
Charitable activities		-	5,003,097	252,743	5,255,840	4,873,686
Total expenditure	6	123,801	5,003,097	252,743	5,379,641	4,982,245
Net income / (expenditure) before transfers		97,023	(88,693)	(213,337)	(205,007)	364,401
Transfers between Funds	17	(25,218)	(61,429)	86,647	-	-
Net income / (expenditure) before other recognised gains and losses		71,805	(150,122)	(126,690)	(205,007)	364,401
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(187,000)	-	(187,000)	28,000
Net movement in funds		71,805	(337,122)	(126,690)	(392,007)	392,401
Reconciliation of funds:						
Total funds brought forward		101,904	(1,594,878)	7,087,540	5,594,566	5,202,165
Total funds carried forward		173,709	(1,932,000)	6,960,850	5,202,559	5,594,566

All activities relate to continuing operations.

All recognised gains and losses are included in the Statement of Financial Activities.

The notes on pages 27 to 49 form part of these financial statements.

Chesterton Academy Trust
(A company limited by guarantee)
Registered number: 08786812

Balance Sheet
As at 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		6,960,850		6,854,529
Current assets					
Stocks	14	1,973		2,664	
Debtors	15	209,757		237,767	
Cash at bank and in hand		398,060		740,209	
		<u>609,790</u>		<u>980,640</u>	
Creditors: amounts falling due within one year	16	(436,081)		(606,603)	
Net current assets			<u>173,709</u>		<u>374,037</u>
Total assets less current liabilities			<u>7,134,559</u>		<u>7,228,566</u>
Defined benefit pension scheme liability	22	(1,932,000)		(1,634,000)	
Net assets including pension scheme liabilities			<u><u>5,202,559</u></u>		<u><u>5,594,566</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	-		39,122	
Restricted fixed asset funds	17	6,960,850		7,087,540	
Restricted income funds excluding pension liability		<u>6,960,850</u>		<u>7,126,662</u>	
Pension reserve	17	(1,932,000)		(1,634,000)	
Total restricted income funds			<u>5,028,850</u>		<u>5,492,662</u>
Unrestricted income funds	17		<u>173,709</u>		<u>101,904</u>
Total funds			<u><u>5,202,559</u></u>		<u><u>5,594,566</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



Mr M Dolman
Chair of Trustees

The notes on pages 27 to 49 form part of these financial statements.

Chesterton Academy Trust
(A company limited by guarantee)

Statement of Cash Flows
For the year ended 31 August 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(21,883)</u>	<u>235,188</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		573	511
Purchase of tangible fixed assets		(359,064)	(349,486)
Capital grants from DfE/EFA		39,406	371,874
Net cash (used in)/provided by investing activities		<u>(319,085)</u>	<u>22,899</u>
Change in cash and cash equivalents in the year		<u>(340,968)</u>	<u>258,087</u>
Cash and cash equivalents brought forward		740,209	482,122
Cash and cash equivalents carried forward		<u><u>399,241</u></u>	<u><u>740,209</u></u>

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Chesterton Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

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. Accounting Policies (continued)

1.3 Income

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

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

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

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

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

1.4 Expenditure

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

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.

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 EFA valuation. These are being depreciated in accordance with the depreciation policies set out below. No annual charge is made for the use of the land and buildings under the terms of the lease.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	125 years straight line
Long-term leasehold buildings	-	50 years straight line
Fixtures and fittings	-	5 years straight line
Building improvements	-	10 years straight line
Computer equipment	-	4 years straight line

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 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Interest receivable

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

1. Accounting Policies (continued)

1.9 Taxation

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

1.10 Debtors

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

1.11 Liabilities and provisions

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

1. Accounting Policies (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

Transfers between funds relate to fixed asset purchases from restricted general funds.

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

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 EFA valuation. These are being depreciated in accordance with the depreciation policies set out in note 1. No annual charge is made for the use of the land and buildings under the terms of the lease, based on management not being able to reliably measure the open market rate.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital Grants	-	-	39,406	39,406	371,874

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £371,874 was to restricted fixed asset funds

Chesterton Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2016

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	4,209,306	4,209,306	4,207,114
Pupil Premium	-	347,437	347,437	360,326
Start Up Grants	-	50,000	50,000	-
Universal Infant Free School Meals	-	47,852	47,852	32,994
PE Grant	-	9,120	9,120	9,100
Year 7 Catch Up Grant	-	7,500	7,500	10,500
	-	4,671,215	4,671,215	4,620,034
Other government grants				
Nursery Education funding	-	99,391	99,391	38,464
Pupil Premium	-	12,520	12,520	9,750
Special Needs Grant	-	61,450	61,450	18,832
	-	173,361	173,361	67,046
Other funding				
Educational services (trip income, tuition and course fees)	28,609	34,438	63,047	82,019
Student Teacher Grant	-	-	-	4,622
Ecorys UK Grant	-	25,470	25,470	23,800
Sports England Grant	-	9,920	9,920	-
	28,609	69,828	98,437	110,441
	28,609	4,914,404	4,943,013	4,797,521

In 2015, of the total income from charitable activities, £13,190 was to unrestricted funds and £4,784,331 was to restricted funds.

Chesterton Academy Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2016

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Uniform income	-	-	-	6,375
Miscellaneous income	34,588	-	34,588	27,259
Lettings income	87,816	-	87,816	89,521
Meals and refreshment income	21,291	-	21,291	10,483
ICT support income	47,947	-	47,947	43,102
	<u>191,642</u>	<u>-</u>	<u>191,642</u>	<u>176,740</u>

In 2015, of the total income from other trading activities, £170,365 was to unrestricted funds and £6,375 was to restricted funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	<u>573</u>	<u>-</u>	<u>573</u>	<u>511</u>

In 2015, of the total investment income, £ 511 was to unrestricted funds and £ NIL was to restricted funds.

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	70,611	14,439	38,751	123,801	108,559
Activities:					
Direct costs	3,168,667	71,532	347,891	3,588,090	3,343,776
Support costs	582,392	494,077	591,281	1,667,750	1,529,910
	<u>3,821,670</u>	<u>580,048</u>	<u>977,923</u>	<u>5,379,641</u>	<u>4,982,245</u>

In 2016, of the total expenditure, £123,801 (2015 - £108,558) was to unrestricted funds, £5,003,097 (2015 - £4,678,700) was to restricted funds and £252,743 (2015 - £175,987) was to restricted fixed asset funds.

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7. Charitable activities

	Total funds 2016 £	Total funds 2015 £
Direct costs - educational operations		
Wages and salaries	2,492,316	2,352,563
National insurance	212,890	179,604
Pension cost	463,461	412,474
Depreciation	71,532	43,799
Educational supplies	221,526	203,367
Examination fees	67,575	56,160
Staff development	3,053	16,777
Other direct costs	55,737	79,032
	<u>3,588,090</u>	<u>3,343,776</u>
Support costs - educational operations		
Wages and salaries	457,890	474,687
National insurance	37,554	29,976
Pension cost	86,948	73,085
Depreciation	181,211	132,188
LGPS net finance costs	62,000	58,000
Staff development	10,763	3,205
Travel and subsistence	180	179
Professional fees	44,931	49,664
Governance costs	23,184	26,809
Maintenance of premises	64,968	61,187
Maintenance of equipment	52,899	47,166
Cleaning	124,676	121,688
Operating leases	18,298	23,840
Rates	16,554	15,107
Water rates	15,018	6,376
Energy	112,613	113,784
Insurance	50,735	38,627
Transport	20,486	9,783
Technology costs	53,301	7,805
Catering costs	102,898	114,518
Other support costs	130,643	122,236
	<u>1,667,750</u>	<u>1,529,910</u>
	<u><u>5,255,840</u></u>	<u><u>4,873,686</u></u>

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8. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	252,743	175,987
Operating lease rentals	36,650	40,426
Auditors remuneration	9,500	8,500
Auditors remuneration - non-audit	9,042	7,145
	<u> </u>	<u> </u>

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9. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,997,827	2,801,696
Social security costs	250,444	209,580
Operating costs of defined benefit pension schemes	550,409	485,560
	<u>3,798,680</u>	<u>3,496,836</u>
Supply teacher costs	22,990	16,074
Compensation payments	-	9,479
	<u>3,821,670</u>	<u>3,522,389</u>

Included within compensation payments are non-statutory/ non-contractual severance payments totalling £Nil (2015 - £9,479).

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

	2016 No.	2015 No.
Teachers	51	48
Administration and support	66	64
Management	5	5
	<u>122</u>	<u>117</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	3	3
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme (TPS).

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) received by key management personnel for their services to the academy trust was £423,021 (2015: £408,249).

10. Central services

No central services were provided by the academy to its academies during the year and no central charges arose.

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11. Trustees' remuneration and expenses

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

		2016	2015
		£	£
Mrs L Jackson (Staff trustee)	Remuneration	90,000-95,000	90,000-95,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Mr R Swindells (Staff trustee)	Remuneration	70,000-75,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs D Skupham (Staff trustee)	Remuneration	70,000-75,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr D Maxted (Staff trustee)	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs C Pattison (Staff trustee)	Remuneration	40,000-45,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs S Francis (Staff trustee)	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	5,000-10,000	0-5,000

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

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

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,407 (2015 - £1,366).

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13. Tangible fixed assets

	Long-term leasehold land and buildings £	Building improve- ments £	Computer equipment £	Fixtures and fittings £	Total £
Cost					
At 1 September 2015	6,616,387	228,124	214,578	64,320	7,123,409
Additions	233,356	26,431	62,593	36,684	359,064
At 31 August 2016	<u>6,849,743</u>	<u>254,555</u>	<u>277,171</u>	<u>101,004</u>	<u>7,482,473</u>
Depreciation					
At 1 September 2015	203,496	16,999	36,767	11,618	268,880
Charge for the year	156,266	24,946	57,434	14,097	252,743
At 31 August 2016	<u>359,762</u>	<u>41,945</u>	<u>94,201</u>	<u>25,715</u>	<u>521,623</u>
Net book value					
At 31 August 2016	<u>6,489,981</u>	<u>212,610</u>	<u>182,970</u>	<u>75,289</u>	<u>6,960,850</u>
At 31 August 2015	<u>6,412,891</u>	<u>211,125</u>	<u>177,811</u>	<u>52,702</u>	<u>6,854,529</u>

14. Stocks

	2016 £	2015 £
Uniform stock	<u>1,973</u>	<u>2,664</u>

15. Debtors

	2016 £	2015 £
Trade debtors	19,598	25,291
VAT recoverable	70,792	85,981
Prepayments and accrued income	119,367	126,495
	<u>209,757</u>	<u>237,767</u>

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16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	200,195	409,251
Other taxation and social security	76,109	61,888
Other creditors	63,480	54,396
Accruals and deferred income	96,297	81,068
	<u>436,081</u>	<u>606,603</u>
	2016 £	2015 £
Deferred income		
Deferred income at 1 September	63,027	48,433
Resources deferred during the year	58,044	63,027
Amounts released from previous years	(63,027)	(48,433)
Deferred income at 31 August	<u>58,044</u>	<u>63,027</u>

At the balance sheet date the academy was holding funds relating to grants for the 2016/17 academic year and trips taking place during the 2016/17 academic year.

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17. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	101,904	220,824	(123,801)	(25,218)	-	173,709
Restricted funds						
General Annual Grant (GAG)	39,122	4,209,306	(4,186,999)	(61,429)	-	-
Pupil Premium	-	347,437	(347,437)	-	-	-
Special Needs Grant	-	61,450	(61,450)	-	-	-
Other grants	-	219,683	(219,683)	-	-	-
PE Grant	-	9,120	(9,120)	-	-	-
Year 7 Catch up grant	-	7,500	(7,500)	-	-	-
Ecorys UK grant	-	25,470	(25,470)	-	-	-
Educational services (trip income and course fees)	-	34,438	(34,438)	-	-	-
Pension reserve	(1,634,000)	-	(111,000)	-	(187,000)	(1,932,000)
	(1,594,878)	4,914,404	(5,003,097)	(61,429)	(187,000)	(1,932,000)
Restricted fixed asset funds						
Transfer from local authority on conversion	6,266,207	-	(167,454)	-	-	6,098,753
DfE/EFA capital grants	383,561	39,406	(81,692)	-	-	341,275
Capital expenditure from restricted general funds	437,772	-	(3,597)	86,647	-	520,822
	7,087,540	39,406	(252,743)	86,647	-	6,960,850
Total restricted funds	5,492,662	4,953,810	(5,255,840)	25,218	(187,000)	5,028,850
Total of funds	5,594,566	5,174,634	(5,379,641)	-	(187,000)	5,202,559

17. 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.

Pension reserve

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

Restricted Fixed Asset Fund

This fund relates to the donation of the leasehold land and buildings from the local authority on a 125 year lease, other fixed assets donated on conversion and capital expenditure from EFA revenue grants.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Chesterton Community Sports College	145,392	111,025
Churchfields Primary School	28,317	30,000
Total before fixed asset fund and pension reserve	173,709	141,025
Restricted fixed asset fund	6,960,850	7,087,540
Pension reserve	(1,932,000)	(1,634,000)
Total	5,202,559	5,594,565

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17. Statement of funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding dep'n £	Total 2016 £	Total 2015 £
Chesterton Community Sports College	2,198,422	544,083	157,618	772,940	3,673,063	3,411,388
Churchfields Primary School	971,113	108,052	63,908	310,762	1,453,835	1,375,871
	<u>3,169,535</u>	<u>652,135</u>	<u>221,526</u>	<u>1,083,702</u>	<u>5,126,898</u>	<u>4,787,259</u>

Summary of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	101,904	220,824	(123,801)	(25,218)	-	173,709
Restricted funds	(1,594,878)	4,914,404	(5,003,097)	(61,429)	(187,000)	(1,932,000)
Restricted fixed asset funds	7,087,540	39,406	(252,743)	86,647	-	6,960,850
	<u>5,594,566</u>	<u>5,174,634</u>	<u>(5,379,641)</u>	<u>-</u>	<u>(187,000)</u>	<u>5,202,559</u>

18. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	6,960,850	6,960,850	6,854,529
Current assets	173,709	436,081	-	609,790	980,640
Creditors due within one year	-	(436,081)	-	(436,081)	(606,603)
Provisions for liabilities and charges	-	(1,932,000)	-	(1,932,000)	(1,634,000)
	<u>173,709</u>	<u>(1,932,000)</u>	<u>6,960,850</u>	<u>5,202,559</u>	<u>5,594,566</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(205,007)	364,401
Adjustment for:		
Depreciation charges	252,743	175,987
Dividends, interest and rents from investments	(573)	(511)
Decrease in stocks	691	5,296
Decrease/(increase) in debtors	28,010	(26,811)
Decrease in creditors	(169,341)	(33,300)
Capital grants from DfE and other capital income	(39,406)	(371,874)
Defined benefit pension scheme cost less contributions payable	49,000	83,000
Defined benefit pension scheme finance cost	62,000	39,000
Net cash (used in)/provided by operating activities	(21,883)	235,188

20. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	399,241	740,209
Total	399,241	740,209

21. 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.

22. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2013.

Contributions amounting to £63,480 were payable to the schemes at 31 August 2016 (2015 - £54,396) and are included within creditors.

22. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The total TPS contributions made for the year ended 31 August 2016 were £507,922 (2015 - £445,667), of which employers contributions totalled £322,366 (2015 - £265,953) and employee's contributions totalled £185,556 (2015 - £179,714).

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

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

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22. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £231,408 (2015 - £207,897), of which employer's contributions totalled £179,190 (2015 - £159,678) and employees' contributions totalled £52,218 (2015 - £48,219). The agreed contribution rates for future years are 19.6% for employers and 5.5 - 10.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	2.50 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	3.90 %	3.80 %

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

	2016	2015
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	24.3	24.3
Females	26.6	26.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,168,000	803,000
Debt instruments	171,000	119,000
Property	125,000	97,000
Cash	93,000	65,000
Total market value of assets	<u>1,557,000</u>	<u>1,084,000</u>

The actual return on scheme assets was £219,000 (2015 - £27,000).

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22. Pension commitments (continued)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(229,000)	(222,000)
Net interest cost	(62,000)	(58,000)
Total	(291,000)	(280,000)
Actual return on scheme assets	219,000	27,000

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

	2016 £	2015 £
Opening defined benefit obligation	2,718,000	2,391,000
Current service cost	229,000	222,000
Interest cost	108,000	93,000
Contributions by employees	52,000	48,000
Actuarial losses/(gains)	382,000	(36,000)
Closing defined benefit obligation	3,489,000	2,718,000

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

	2016 £	2015 £
Opening fair value of scheme assets	1,084,000	851,000
Interest income	46,000	35,000
Actuarial gains and (losses)	195,000	(8,000)
Contributions by employer	180,000	158,000
Contributions by employees	52,000	48,000
Closing fair value of scheme assets	1,557,000	1,084,000

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23. Operating lease commitments

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	17,526	9,127
Between 1 and 5 years	16,623	8,049
Total	34,149	17,176

24. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

25. Post balance sheet events

On 1 October 2016, Crackley Bank Primary School and Chesterton Primary School joined Chesterton Academy Trust.

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26. First time adoption of FRS 102

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

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

Reconciliation of total funds	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		5,202,164	5,594,565
Total funds reported under FRS 102		<u>5,202,164</u>	<u>5,594,565</u>

Reconciliation of net income	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		383,401
Change in recognition of LGPS interest cost	A	(19,000)
Net movement in funds reported under FRS 102		<u>364,401</u>

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

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the expense by £19,000 and increase the other recognised gains and losses in the SoFA by an equivalent amount.