

**DIOCESE OF CHICHESTER ACADEMY TRUST**  
(A Company Limited by Guarantee)

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

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**Members**

**Trustees**

Revd Canon Dr Anthony Cane, Chair  
Mrs Hilary Loder  
Revd Martin Harper  
Revd Michael Coe  
Canon Dr Ann Holt OBE  
Mrs Kate Sims  
Revd Timothy Ward  
Dr Graham Parr

**Company registered number**

09201845

**Company name**

Diocese of Chichester Academy Trust

**Principal and registered office**

Church House, 211 New Church Road, Hove, BN3 4ED

**Company secretary**

Mrs Jill Scarfield (to 31 October 2016)  
Mr Darren Carpenter (appointed 1 November 2016)

**Chief executive officer**

Mr Martin Lloyd (to 31 August 2016)  
Mrs Lesley Gannon (appointed 1 September 2016)

**Independent auditors**

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

**Bankers**

Lloyds Bank, PO Box 1000, BX1 1LT

**Solicitors**

Winkworth Sherwood, Minerva House, Montague Close, London, SE1 9BB

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' Report of Diocese of Chichester Academy Trust (the academy trust) for the year ended 31 August 2016. The Trustees confirm that the Annual Report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Diocese of Chichester Academy Trust was incorporated on 3rd September 2014. All Saints CoE Junior Academy in Hastings was the first academy within the Trust on 1st February 2015 and was joined by St. Leonards CoE Junior Academy in St. Leonards-on-Sea on 1st April 2015. St Paul's CoE Academy, St Leonards-on-Sea and St Catherine's College, Eastbourne joined the Trust on 1st August 2016.

The trust's academies have a combined pupil capacity of 2330 and had a roll of 2285 in the school census on January 2016.

**Structure, governance and management**

**a. Constitution**

The academy trust is a charitable company limited by guarantee and was set up by a Memorandum of Association on 3 September 2014.

The academy trust is constituted under a Memorandum of Association dated 3 September 2014.

The trustees of the DCAT are also the directors of the Company for the purposes of company law. Details of the trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

**b. Members' liability**

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

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

The Diocese of Chichester Education Trust (DOCET) approves the appointment of directors to the Diocese of Chichester Academy Trust (DCAT). Trustees are appointed taking account of the skills and expertise required to provide strategic direction for the trust and to ensure that the trust satisfies the statutory obligations as set out in the Academies Financial Handbook, which is published by the Education Funding Agency.

**d. Policies and procedures adopted for the induction and training of Trustees**

All trustees are provided with statutory information, policies and procedures, agendas and minutes and financial reports to enable them to undertake their role as a trustee and have been involved in all aspects of the Board's activity as it develops. Trustees are invited to attend training courses run by third parties that may support their development and a workshop was held for all board members in February 2016 to develop a Growth Strategy and Business Plan for the Trust. Induction and training is being developed as part of the trust's development planning. The trust has provided access to on-line resources with associated discounted training for governors of local governing bodies.

**e. Organisational structure**

The organisational structure of the trust consists of the:

- Board of Directors (currently eight directors)
- Local Governing Body for each academy
- Audit and Resources Sub-Committee
- The trust meets on a monthly basis to consider a wide range of issues concerned with the strategic direction and operations of the MAT.

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

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The trust has reviewed its model scheme of delegation and agreed delegation for each of its academies that explain the ways in which the directors will fulfil their responsibilities for the leadership and management of the academy, the respective roles and responsibilities of the directors and the members of the local governing body and the commitments to each other to ensure the success of the academy.

The local governing bodies and academies operate within the limits stipulated in the schemes of delegation, which require budgets, pay review decisions and leadership post appointments to be approved by the trustees.

Local governing bodies meet at least 6 times each year.

The directors are accountable to external government agencies including the Charity Commission and the Department for Education (including any successor bodies) for the quality of the education they provide and they are required to have systems in place through which they can assure themselves of quality, safety and good practice.

Day to day management is delegated to the Headteacher, Executive Principal and Senior Leadership Teams in each academy. They are supported by the central MAT team which expanded during 2015/16: The team consisted of an Interim Chief Executive (0.8fte) who was the Assistant Diocesan Director of Education and the statutory Accounting Officer for the trust until retirement at 31st August. A new full-time Chief Executive took over on 1st September 2016. In addition, the team has a Head of Finance and Operations, who is the statutory Chief Finance Officer, a finance consultant employed on a part time, contractual basis to provide additional finance and systems support and a Business Support Officer was employed on a one-year, part-time basis (0.6fte) from January 2016. A temporary Administration Officer post, shared with the Diocese Education Department, started work in August 2016. A Group Executive Principal to support educational improvement in academies was seconded from a substantive Head Teacher post on a 1 year fixed term contract from January 2016, with increasing commitment from 0.5fte to 0.8fte at the end of August 2016. A second Head Teacher was seconded on a 0.4fte basis for a fixed term as a Group Executive Principal from May 2016.

Headteachers and Business Managers within the academies work closely with the central MAT officers.

**f. Connected organisations, including related party relationships**

The Diocese of Chichester Education Trust (DOCET) is the umbrella organisation under which the Diocese of Chichester Academy Trust operates (DCAT). As the academies are Church of England schools, designated as such, the Directors are also accountable to the Chichester Diocesan Board of Education ("the DBE") and the Bishop of Chichester ("the Bishop") to ensure that the academies are conducted as Church of England schools.

The Members of DOCET agree the appointment of trustees to the board of the academy trust. DOCET has four members, including the current chairman of the academy trust board to ensure good communication between the two boards. The Chairman of the Diocesan Board of Finance is also a trustee of DOCET. One of the members retired this year and was replaced by the Diocesan Secretary, which strengthens the relationship with the Diocese.

There is a relationship with the Diocesan Board of Finance which has provided a financial contribution to the academy trust.

The Diocese of Chichester Academy Trust is a sponsor organisation, as approved by the Department for Education. Two of the academies in the Trust have been sponsored by the trust to convert to academies to address the issues of underperformance inherent prior to conversion. The two academies that joined the Trust on 1st August 2016 were both Church schools within the Diocese of Chichester and converted voluntarily.

**g. Risk management**

The Trustees have assessed the major risks to which the academy trust is exposed, in particular those related to the operations and finances of the academy trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The Audit and Resources Committee, which met four times during the year, approved a Risk Management Policy and reviewed the Risk Register at each meeting and made

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

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recommendations for changes. In addition, the Board reviews the Risk Register annually.

**Objectives and Activities**

**a. Objects and aims**

The academy trust's vision is as follows:

- To provide every child with the best education possible, inspirational, fully rounded and rooted in our Christian values.
- We want every lesson to be good or better and for every child to enjoy school life and make good academic progress.
- Our academies will be welcoming to all and will serve equally those who are of the Christian faith, those of other faiths and those with no faith.
- We want to link local academies to maintain improvement and share economies to maximise resources and teaching in classrooms – to enable all pupils and staff to develop and achieve to their full potential.
- Our academies will continue to retain their individual ethos as a school within the Diocese of Chichester, and continue positive partnerships with other schools.

**b. Objectives, strategies and activities**

The objectives during the second year of operation have been to develop the trust as a fully functioning multi academy trust and limited company in line with statutory requirements and Department for Education best practice, to support the conversion and establishment of additional schools as academies, and to pursue opportunities for further conversions. The recently converted academies are a secondary school and a large primary school with a nursery.

The trust has developed its operation of the business at the centre by:

- the development of a growth strategy and business plan in response to national government policy changes
- supplementing the skills and capacity at the centre with the appointment of key staff
- enhancing appropriate policies and operational systems both at the centre and in the new academies
- establishing processes to support and develop headteachers and business managers to enable the schools to become successful academies.

**c. Public benefit**

In setting our objectives and planning our activities over the past year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees are satisfied that due regard has been given to the public benefit guidance published by the Charity Commission, as required by Section 17 of the Charities Act 2011.

The academy trust continues the historic foundation of the schools and their religious designation as Church of England schools.

The directors and the local governing bodies recognise their responsibility towards the common good, not just of the academies for whom the company is responsible, but of all the Church and other schools in their area and all of the families and communities in the areas served by the academies.

**Achievements and performance**

**a. 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 Accounting Policies.

**b. Key financial performance indicators**

The setting of KPIs is being implemented for 2016/17.

**c. Review of activities**

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

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Throughout 2015/16 the Trust has worked to increase the capacity of the Trust in readiness for the entry of two new academies on 1st August. This activity has included the recruitment of two Group Executive Principals to support school improvement and a Business Support Officer.

The Trust has also secured a permanent CEO for next academic year, following the retirement of the Interim CEO at the end of the 2015/16 academic year.

**Existing Academies:**

**All Saints COE Junior Academy** (converted on 1st February 2015). A new leadership structure was introduced in July, with two new Assistant Heads of School appointed. The school has seen improvements in all areas including closing the performance gap between disadvantaged and their peers. Provisional Key Stage 2 results are detailed below.

**St Leonard's CofE Primary Academy** has also seen some significant movement within the leadership team during the year with a new Assistant Head Teacher and a Leader of Learning appointed.

This year saw an upward trend in EYFS with 76.3% of pupils reaching a Good Level of Development.

Key Stage 1 also showed improvement in reading, writing, maths and science. 70% of children reached the required level in the phonics screening 2016 which though below local average is an improvement for the school. The gap between disadvantaged and non-disadvantaged pupils is narrowing (10%) and is lower than the LA average (17.4%).

Performance at Key Stage 2 however was well below both local and national standards. This has triggered a full review of the curriculum.

Key Stage 2 (provisional)	Combined	Reading	Writing (LA moderated)	Maths	GPS
National at Expected Standard	53%	66%	74%	70%	72%
East Sussex at Expected Standard	51%	65%	74%	65%	67%
All Saints at Expected Standard	58.2%	70.9%	90.9%	72.7%	72.7%
Saint Leonards at Expected Standard	20.8%	31.3%	72.9%	60.4%	47.9%
St Pauls' at Expected Standard*	47.8%	54.4%	82.2%	64.4%	67.8%

**New Academies:**

**St Paul's CofE Academy** (previously St Paul's CofE Primary School) converted on 1st August 2016.

The school and nursery are heavily oversubscribed with 632 in the main school and over 55 on roll in the nursery.

This was a voluntary conversion as St Paul's was designated a 'Good' school at its last inspection (2011) St Paul's 2016 Key Stage 2 results are detailed above.

**St. Catherine's College** (previously Bishop Bell) converted on 1st August 2016. The school is an 11-16 secondary academy with over 1035 students on roll.

This was a voluntary conversion as Bishop Bell was designated a 'Good' school at its last inspection (2014).

The outcomes for St Catherine's College this year were strong across the board. The new measure of 'Attainment 8' was above local (4.9) and national (4.8) averages at 5.1 and Progress 8 at the National Average.

**Financial review**

**a. Financial and risk management objectives and policies**

The suite of corporate policies has been added to during the year and now includes Finance Policy, Competitive Tendering Policy, Conflict of Interest and Related Party Transaction Policy, Pay Policy, Directors' Expenses Policy, Whistleblowing, Hospitality and Gifts and Risk Management, all approved by the Board and subject to

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

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regular review. These policies are supplemented by a wide range of operational policies at individual academy level. The Trust has identified further Trust-wide policies within its Development Plan that it will draft for Board approval, alongside a planned review of the operational academy policies to ensure they are consistent and current. In conjunction with the risk register described below, the policies provide a framework for financial and risk management. Risk registers within individual academies, that mirror the structure of the corporate register, are in the process of being rolled out

The budgets are prepared on an annual basis by academies for approval by the Audit and Resources Committee, which met as a Finance Committee in June 2016 for this purpose. Management accounts and cashflow forecasts are regularly produced with a narrative report on finance and operational issues for board meetings.

**b. Principal risks and uncertainties**

A risk register has been established which identifies risks to the Trust and actions to mitigate the risks. The Audit and Resources Committee has terms of reference which include reviewing the risk register at least three times per year and making recommendations as necessary to the board on changes that may be required. In addition, the Board itself will conduct an annual review of the risk register. The risk register identifies that, as a new business with few academies and a small staff, the greatest risks to the Trust lie in its finances and operational capacity.

**c. Reserves policy**

As a new trust, DCAT has not been in a position to build reserves. It receives financial backing from the diocese to support its operations until it grows to a point where it can become self-sufficient, and it has used the grants provided by the EFA to establish the capacity at the centre of the Trust, support the conversion process of academies and make improvements in their environment and performance.

**d. Financial review**

During the period to 31 August 2016, total incoming resources were £4.084m, of which £2.958m represented funding received from the DfE/EFA.

Total expenditure of £4.701m comprised staff costs of £2.860m, premises costs of £161k and other costs to operate the schools and run the multi-academy trust of £1.680m. Other costs include £884k which represents the deficit on the Local Government Pension Scheme ("LGPS") transferred to the Trust from East Sussex County Council on the conversion of St Paul's and St Catherine's to academy status.

The DCAT incurred a deficit of £617k before actuarial losses of £1.434m relating to the LGPS.

The funds as at 31 August 2016 comprised unrestricted funds of £255k, restricted income funds of £445k, restricted fixed asset funds of £27k and the pension deficit of £2.639m.

DCAT's current liability for the LGPS is shown on the balance sheet as £2.639m. This is not an immediately crystallising liability for the Trust and therefore does not represent an imminent risk to the Trust's going concern status, nor its ability to utilise its restricted funds for the purposes for which they were given.

**e. Material investments policy**

The Board is committed to ensuring that all funds under its control are administered in a way that promotes best practice, good stewardship and minimises risk. At present its funds are limited, although cash flow variations mean that it may be temporarily holding balances that are subject to transfer either to the academies within the Trust or pending decisions on future conversions. Consequently, the Trust does not currently consider the investment of surplus funds as a primary activity.

**Plans for future periods**

**a. Future developments**

The Trust is actively pursuing opportunities to expand, including attracting good schools, both primary and secondary, which it plans to achieve within the next year. A bid for an all-through Free School has also been



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

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submitted and is under consideration by the Department for Education. Achieving the admission of additional schools is vital to securing financial stability and health for the trust for future years.

**Disclosure of information to auditors**

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

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

**Auditors**

The auditors, haysmacintyre, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the board of trustees on 14 December 2016 and signed on the board's behalf by:



**Revd Canon Dr Anthony Cane**  
**Chair of Trustees**

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Diocese of Chichester 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 Chief Executive, 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 Diocese of Chichester 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 11 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
Revd Canon Dr Anthony Cane, Chair	11	11
Mrs Hilary Loder	11	11
Revd Martin Harper	8	11
Revd Michael Coe	8	11
Canon Dr Ann Holt OBE	9	11
Mrs Kate Sims	10	11
Revd Timothy Ward	10	11
Dr Graham Parr	11	11

The Audit and Resources Committee is also a sub-committee of the main board of trustees, which has been established after the balance sheet date. Its purpose is to maintain an oversight of the academy trust's finance, governance, risk management, internal control and value for money framework, MAT central staffing and operational matters. It will report its findings annually to the Board and the Accounting Officer as a critical element of the trust's annual reporting requirements.

The Local Governing Bodies have delegated responsibilities on behalf of the Trust Board. They are responsible for the regular review of the financial and operating performance of the relevant academies and making recommendations to the Trust Board, as appropriate.

**Review of Value for money**

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

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

**The 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 trust 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,

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**GOVERNANCE STATEMENT (continued)**

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effectively and economically. The system of internal control has been in place in Diocese of Chichester 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 trust 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 trust'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 trust'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 Board 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 haysmacintyre, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis, the auditors report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

**Review of Effectiveness**

As Accounting Officer, the Chief Executive 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 trust 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 Audit and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 14 December 2016 and signed on their behalf, by:

  
**Revd Canon Dr Anthony Cane**  
Chair of Trustees

  
**Lesley Gannon**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Diocese of Chichester 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.



**Lesley Gannon**  
**Accounting Officer**

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

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The Trustees (who act as governors of Diocese of Chichester 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;
- 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 14 December 2016 and signed on its behalf by:



**Revd Canon Dr Anthony Cane**  
**Chair of Trustees**

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DIOCESE OF CHICHESTER ACADEMY TRUST**

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We have audited the financial statements of Diocese of Chichester 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 trust 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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.

**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.

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DIOCESE OF CHICHESTER ACADEMY TRUST**

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**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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Samantha Coutinho (Senior Statutory Auditor)

for and on behalf of

**haysmacintyre**

Statutory Auditors

26 Red Lion Square  
London  
WC1R 4AG  
14 December 2016

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO DIOCESE OF CHICHESTER ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 19 June 2015 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 Diocese of Chichester 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 Diocese of Chichester 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 Diocese of Chichester 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 Diocese of Chichester Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Diocese of Chichester Academy Trust's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Diocese of Chichester Academy Trust's funding agreement with the Secretary of State for Education dated 1 February 2015, 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 trust's income and expenditure.



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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO DIOCESE OF CHICHESTER ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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**Conclusion**

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



Samantha Coutinho (Senior Statutory Auditor)

for and on behalf of

**haysmacintyre**

Statutory Auditors

26 Red Lion Square  
London  
WC1R 4AG

Date: 14 DECEMBER 2016

**DIOCESE OF CHICHESTER 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 £
<b>INCOME FROM:</b>						
Donations and capital grants	3	157,147	5,009	-	162,156	57,348
Charitable activities	4	1,695	3,613,057	8,000	3,622,752	1,726,811
Other trading activities		49,026	32,104	-	81,130	17,143
Investments	5	663	-	-	663	64
Other income		106,133	110,734	-	216,867	137,154
<b>TOTAL INCOME</b>		<b>314,664</b>	<b>3,760,904</b>	<b>8,000</b>	<b>4,083,568</b>	<b>1,938,520</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		116,469	3,695,579	4,714	3,816,762	1,512,728
Other expenditure		-	884,000	-	884,000	166,000
<b>TOTAL EXPENDITURE</b>	8	<b>116,469</b>	<b>4,579,579</b>	<b>4,714</b>	<b>4,700,762</b>	<b>1,678,728</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	18	198,195 (5,000)	(818,675) -	3,286 5,000	(617,194) -	259,792 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		193,195	(818,675)	8,286	(617,194)	259,792
Actuarial losses on defined benefit pension schemes	23	-	(1,434,000)	-	(1,434,000)	(120,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>193,195</b>	<b>(2,252,675)</b>	<b>8,286</b>	<b>(2,051,194)</b>	<b>139,792</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		61,647	58,909	19,236	139,792	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>254,842</b>	<b>(2,193,766)</b>	<b>27,522</b>	<b>(1,911,402)</b>	<b>139,792</b>

**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 09201845**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016	£	2015	£
<b>FIXED ASSETS</b>						
Tangible assets	15			27,522		19,236
<b>CURRENT ASSETS</b>						
Debtors	16	546,933			219,798	
Cash at bank and in hand		864,811			611,402	
		<u>1,411,744</u>			<u>831,200</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	<u>(711,668)</u>			<u>(411,644)</u>	
<b>NET CURRENT ASSETS</b>				700,076		419,556
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				727,598		438,792
Defined benefit pension scheme liability	23			<u>(2,639,000)</u>		<u>(299,000)</u>
<b>NET (LIABILITIES)/ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>				<u>(1,911,402)</u>		<u>139,792</u>
<b>FUNDS OF THE ACADEMY</b>						
Restricted income funds:						
Restricted income funds	18	445,234			357,909	
Restricted fixed asset funds	18	<u>27,522</u>			<u>19,236</u>	
Restricted income funds excluding pension liability		472,756			377,145	
Pension reserve		<u>(2,639,000)</u>			<u>(299,000)</u>	
Total restricted income funds				(2,166,244)		78,145
Unrestricted income funds	18			<u>254,842</u>		<u>61,647</u>
<b>TOTAL (DEFICIT)/FUNDS</b>				<u>(1,911,402)</u>		<u>139,792</u>

The financial statements were approved by the Trustees, and authorised for issue, on 14 December 2016 and are signed on their behalf, by:

*A. Cane*  
**Revd Canon Dr Anthony Cane**  
**Chair of Trustees**

The notes on pages 19 to 37 form part of these financial statements.

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	265,746	630,574
<b>Cash flows from investing activities:</b>			
Interest received		663	64
Purchase of tangible fixed assets		(13,000)	(19,236)
<b>Net cash used in investing activities</b>		(12,337)	(19,172)
<b>Change in cash and cash equivalents in the year</b>		253,409	611,402
Cash and cash equivalents brought forward		611,402	-
<b>Cash and cash equivalents carried forward</b>	21	864,811	611,402

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**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.

Diocese of Chichester Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Fund accounting**

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

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the academy trust 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.*

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

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

**1.6 Turnover**

Turnover comprises revenue recognised by the academy trust in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**1.7 Tangible fixed assets and depreciation**

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

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

Fixtures and fittings	-	20% straight line
Electronic equipment	-	20% straight line

**1.8 Interest receivable**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

**Debtors and creditors**

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**1.13 Taxation**

The academy trust 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 trust 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.

**1.14 Pensions**

Retirement benefits to employees of the academy trust 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 trust.

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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.



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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.15 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2016.

**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**3. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	5,147	5,009	-	10,156	2,348
Diocese support grant	152,000	-	-	152,000	55,000
	<u>157,147</u>	<u>5,009</u>	<u>-</u>	<u>162,156</u>	<u>57,348</u>
Total donations and capital grants	157,147	5,009	-	162,156	57,348

In 2015, of the total income from donations and capital grants, £55,548 was to unrestricted funds and £1,800 was to restricted funds

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant	-	2,966,469	2,966,469	1,143,485
Capital grants	-	22,874	22,874	9,469
Other DfE/EFA grants	2,295	587,214	589,509	565,459
Local authority grants	(600)	24,500	23,900	8,398
Other Government Grants	-	20,000	20,000	-
	<u>1,695</u>	<u>3,621,057</u>	<u>3,622,752</u>	<u>1,726,811</u>

In 2015, of the total income from charitable activities, £9,009 was to unrestricted funds and £1,717,802 was to restricted funds.

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	663	-	663	64

In 2015, of the total investment income, £ 64 was to unrestricted funds and £ NIL was to restricted funds.

**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**6. DIRECT COSTS**

	Direct costs - Educational operations £	Total 2016 £	Total 2015 £
Pension scheme net finance cost (Note 22)	15,000	15,000	5,000
Depreciation	4,714	4,714	-
Educational supplies	236,893	236,893	137,515
Educational consultancy	102,723	102,723	45,353
Wages and salaries	1,857,959	1,857,959	574,585
National insurance	138,693	138,693	42,005
Pension cost	329,971	329,971	100,296
	<u>2,685,953</u>	<u>2,685,953</u>	<u>904,754</u>

**7. SUPPORT COSTS**

	Direct costs - Educational operations £	Total 2016 £	Total 2015 £
Trip costs	58,848	58,848	-
Technology costs	130,444	130,444	61,201
Maintenance of premises and equipment	95,173	95,173	56,860
Cleaning	15,511	15,511	9,171
Rent and rates	11,490	11,490	1,651
Energy costs	39,230	39,230	11,256
Insurance	25,040	25,040	15,898
Security and transport	14,622	14,622	11,742
Catering	103,065	103,065	42,265
Bank interest and charges	396	396	204
Other support costs	17,987	17,987	15,250
Legal and professional fees	85,382	85,382	148,442
Wages and salaries	415,694	415,694	188,429
National insurance	23,656	23,656	4,645
Pension cost	94,271	94,271	40,960
	<u>1,130,809</u>	<u>1,130,809</u>	<u>607,974</u>

During the year ended 31 August 2016, the academy trust incurred the following Governance costs:

£116,469 (2015 - £12,099) included within the table above in respect of Direct costs - Activities (Educational operations).

**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**8. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Direct costs - Educational operations:					
Direct costs	2,202,857	-	483,096	2,685,953	904,754
Support costs	657,386	161,403	312,020	1,130,809	607,974
	<u>2,860,243</u>	<u>161,403</u>	<u>795,116</u>	<u>3,816,762</u>	<u>1,512,728</u>

In 2016, of the total expenditure, £116,469 (2015 - £101,816) was to unrestricted funds and £3,697,293 (2015 - £1,410,912) was to restricted funds.

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	4,714	-
Auditors' remuneration - audit	16,250	12,000
Auditors' remuneration - other services	950	-
	<u>21,914</u>	<u>12,000</u>

**10. AUDITORS' REMUNERATION**

The Auditor's remuneration amounts to an Audit fee of £16,250 (2015 - £12,000), and a corporation tax compliance fee of £ 950(2015 - £ -).

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**11. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,273,652	763,014
Social security costs	162,349	46,650
Operating costs of defined benefit pension schemes	424,242	141,256
	<u>2,860,243</u>	<u>950,920</u>

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

	2016 No.	2015 No.
Teaching staff	42	20
Teaching support	47	23
Support staff	28	12
	<u>117</u>	<u>55</u>

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

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

The aggregate remuneration of key management personnel was £274,947 (2015: £126,614).

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**DIOCESE OF CHICHESTER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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**12. CENTRAL SERVICES**

The academy trust has provided the following central services to its academies during the year:

- educational improvement;
- administrative support;
- finance;
- governance; and,
- statutory compliance.

The academy trust charges for these services on the following basis:

5% of General Annual Grant.

The actual amounts charged during the year were as follows:

	2016 £
St Leonard's	72,468
All Saints	44,856
St Catherine's College	8,549
St Paul's	9,218
Total	<u>135,091</u>

**13. 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 £5million on any one claim and the cost for the year ended 31 August 2016 was £7,500 (2015 - £7,222).

**14. OTHER FINANCE INCOME**

	2016 £	2015 £
Interest income on pension scheme assets	39,000	10,000
Interest on pension scheme liabilities	(54,000)	(15,000)
	<u>(15,000)</u>	<u>(5,000)</u>

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**15. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Electronic equipment £	Total £
<b>Cost</b>			
At 1 September 2015	-	19,236	19,236
Additions	13,000	-	13,000
At 31 August 2016	13,000	19,236	32,236
<b>Depreciation</b>			
At 1 September 2015	-	-	-
Charge for the year	867	3,847	4,714
At 31 August 2016	867	3,847	4,714
<b>Net book value</b>			
At 31 August 2016	12,133	15,389	27,522
At 31 August 2015	-	19,236	19,236

**16. DEBTORS**

	2016 £	2015 £
Trade debtors	5,700	1,848
Prepayments and accrued income	460,569	124,458
Tax recoverable	80,664	93,492
	546,933	219,798

**17. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	162,113	155,910
Other taxation and social security	162,084	27,416
Other creditors	308,362	187,598
Accruals and deferred income	79,109	40,720
	711,668	411,644

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**18. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	61,647	314,664	(116,469)	(5,000)	-	254,842
<b>Restricted funds</b>						
General Annual Grant	104,568	2,966,469	(3,041,479)	(4,756)	-	24,802
Other DfE/EFA grants	242,072	587,214	(518,210)	4,756	-	315,832
Other restricted funds	1,800	192,347	(106,785)	-	-	87,362
DFC capital funds	9,469	14,874	(7,105)	-	-	17,238
Pension reserve	(299,000)	-	(906,000)	-	(1,434,000)	(2,639,000)
	58,909	3,760,904	(4,579,579)	-	(1,434,000)	(2,193,766)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	19,236	8,000	(4,714)	5,000	-	27,522
Total restricted funds	78,145	3,768,904	(4,584,293)	5,000	(1,434,000)	(2,166,244)
Total of funds	139,792	4,083,568	(4,700,762)	-	(1,434,000)	(1,911,402)

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

General Annual Grant - to be used for funding the school operating costs.

Other DfE/EFA grants - to be used for funding the school operating costs.

Local authority grants - to be used towards the costs of providing special educational needs.

DFC capital funds - to be used to purchase tangible fixed assets.



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**18. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
St Leonard's	103,703	158,553
All Saints	83,034	131,001
St Catherine's	11,346	-
St Paul's	237,345	-
DCAT Centre	264,648	130,002
Total before fixed asset fund and pension reserve	700,076	419,556
Restricted fixed asset fund	27,522	19,236
Pension reserve	(2,639,000)	(299,000)
Total	(1,911,402)	139,792

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
All Saints	796,616	127,564	200,412	1,124,592	600,690
St Leonard's	1,382,362	92,428	371,302	1,846,092	728,350
St Catherine's	402,882	1,644	43,409	447,935	-
St Paul's	174,429	1,725	21,454	197,608	-
	2,756,289	223,361	636,577	3,616,227	1,329,040

**19. 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	-	-	27,522	27,522	19,236
Current assets	254,842	1,156,902	-	1,411,744	831,200
Creditors due within one year	-	(711,668)	-	(711,668)	(411,644)
Defined benefit pension scheme liability	-	(2,639,000)	-	(2,639,000)	(299,000)
	254,842	(2,193,766)	27,522	(1,911,402)	139,792

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**20. 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)	(617,194)	259,792
<b>Adjustment for:</b>		
Depreciation charges	4,714	-
Investment income	(663)	(64)
Increase in debtors	(327,135)	(219,798)
Increase in creditors	300,024	411,644
Defined benefit pension scheme adjustments	906,000	179,000
<b>Net cash provided by operating activities</b>	<b>265,746</b>	<b>630,574</b>

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	864,811	611,402
<b>Total</b>	<b>864,811</b>	<b>611,402</b>

**22. CONVERSION TO AN ACADEMY TRUST**

On 1 August 2016 St Catherine's College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Chichester Academy Trust from East Sussex County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities Incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities Incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	82	-	-	82

The above net assets are included as accrued income because they were received after the balance sheet date.

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On 1 August 2016 St Paul's Church of England Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Chichester Academy Trust from East Sussex County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	106,050	110,734	-	216,784

The above net assets include £48,052 that was transferred as cash during the year. The remainder of the funds inherited on conversion are recognised as accrued income because they were received after the balance sheet date.

In addition to the net assets transferred from East Sussex County Council for both schools, a deficit in respect of the Local Government Pension Scheme was also transferred to the Trust on 1 August 2016. This deficit has been valued in aggregate at £884,000, which is recognised in the Statement of Financial Activities as "Other expenditure". However, the specific allocation of the deficit to the two schools which converted to academy status during the year has not been provided so this allocation has not been included in the statements of assets above.

## **23. PENSION COMMITMENTS**

The academy trust'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 East Sussex 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### **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

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**23. PENSION COMMITMENTS (continued)**

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 employer's pension costs paid to TPS in the period amounted to £214841 (2015 - £59885).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £197000 (2015 - £84000), of which employer's contributions totalled £157000 (2015 - £69000) and employees' contributions totalled £40000 (2015 - £15000).

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

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**23. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.2	24.2
Females	26.7	26.7

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,941,000	494,000
Debt instruments	673,000	111,000
Property	420,000	77,000
Cash	168,000	14,000
Total market value of assets	<u>4,202,000</u>	<u>696,000</u>

The actual return on scheme assets was £167000 (2015 - £-17000).

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)	(164,000)	(77,000)
Net interest cost	(15,000)	(5,000)
Total	<u>(179,000)</u>	<u>(82,000)</u>

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**23. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	995,000	-
Current service cost	164,000	77,000
Interest cost	54,000	15,000
Contributions by employees	40,000	15,000
Actuarial losses	1,659,000	422,000
Liabilities assumed in a business combination	3,929,000	466,000
	<u>6,841,000</u>	<u>995,000</u>
Closing defined benefit obligation	6,841,000	995,000

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

	2016 £	2015 £
Opening fair value of scheme assets	696,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	39,000	10,000
Actuarial gains and (losses)	225,000	302,000
Contributions by employer	157,000	69,000
Contributions by employees	40,000	15,000
Assets acquired in a business combination	3,045,000	300,000
	<u>4,202,000</u>	<u>696,000</u>
Closing fair value of scheme assets	4,202,000	696,000

**24. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	1,110	1,157
Between 1 and 5 years	2,114	159
	<u>3,224</u>	<u>1,316</u>
Total	3,224	1,316

**25. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

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**26. RELATED PARTY TRANSACTIONS**

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

**27. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 3 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.