

CHAPELTOWN ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	-	-	90,091	90,091	3,129,857
DfE/ESFA donation in kind		-	-	-	-	1,250,000
Charitable activities:						
- Funding for educational operations	4	48,737	944,901	-	993,638	839,705
Other trading activities	5	995	-	-	995	-
Investments	6	150	-	-	150	296
Total income and endowments		<u>49,882</u>	<u>944,901</u>	<u>90,091</u>	<u>1,084,874</u>	<u>5,219,858</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	49,402	945,082	153,448	1,147,932	1,180,404
- Leasehold improvements disposal following donation in kind		-	-	-	-	303,248
Total expenditure	7	<u>49,402</u>	<u>945,082</u>	<u>153,448</u>	<u>1,147,932</u>	<u>1,483,652</u>
Net income/(expenditure)		480	(181)	(63,357)	(63,058)	3,736,206
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	7,000	-	7,000	(16,000)
Net movement in funds		480	6,819	(63,357)	(56,058)	3,720,206
Reconciliation of funds						
Total funds brought forward		6,506	(193,318)	4,502,687	4,315,875	595,669
Total funds carried forward		<u>6,986</u>	<u>(186,499)</u>	<u>4,439,330</u>	<u>4,259,817</u>	<u>4,315,875</u>

CHAPELTOWN ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2016 £
Income and endowments from:					
Donations and capital grants	3	-	-	3,129,857	3,129,857
DfE/ESFA donations in kind		-	-	1,250,000	1,250,000
Charitable activities:					
- Funding for educational operations	4	24,823	814,882	-	839,705
Investments	6	296	-	-	296
Total income and endowments		<u>25,119</u>	<u>814,882</u>	<u>4,379,857</u>	<u>5,219,858</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	22,039	967,320	191,045	1,180,404
- Leasehold improvements disposal following donation in kind		-	-	303,248	303,248
Total expenditure	7	<u>22,039</u>	<u>967,320</u>	<u>494,293</u>	<u>1,483,652</u>
Net income/(expenditure)		3,080	(152,438)	3,885,564	3,736,206
Transfers between funds		-	(199)	199	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	22	-	(16,000)	-	(16,000)
Net movement in funds		3,080	(168,637)	3,885,763	3,720,206
Reconciliation of funds					
Total funds brought forward		3,426	(24,681)	616,924	595,669
Total funds carried forward		<u>6,506</u>	<u>(193,318)</u>	<u>4,502,687</u>	<u>4,315,875</u>

CHAPELTOWN ACADEMY LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	12		4,432,292		4,502,687
Current assets					
Stocks	13	1,292		728	
Debtors	14	17,560		350,194	
Cash at bank and in hand		144,923		721,941	
		<u>163,775</u>		<u>1,072,863</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(180,425)		(1,050,850)	
Net current (liabilities)/assets			(16,650)		22,013
Total assets less current liabilities			<u>4,415,642</u>		<u>4,524,700</u>
Creditors: amounts falling due after more than one year	16		(118,825)		(183,825)
Net assets excluding pension liability			<u>4,296,817</u>		<u>4,340,875</u>
Defined benefit pension liability	22		(37,000)		(25,000)
Net assets			<u>4,259,817</u>		<u>4,315,875</u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			4,439,330		4,502,687
- Restricted income funds			(149,499)		(168,318)
- Pension reserve			(37,000)		(25,000)
Total restricted funds			<u>4,252,831</u>		<u>4,309,369</u>
Unrestricted income funds	18		6,986		6,506
Total funds			<u>4,259,817</u>		<u>4,315,875</u>

The accounts set out on pages 21 to 42 were approved by the board of trustees and authorised for issue on 01 December 2017 and are signed on its behalf by:



A D M Wright
Chair of Trustees

Company Number 08264865

CHAPELTOWN ACADEMY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash used in operating activities	21		(584,206)		(162,020)
Cash flows from investing activities					
Dividends, interest and rents from investments		150		296	
Capital grants from DfE and ESFA		90,091		3,129,857	
Payments to acquire tangible fixed assets		(83,053)		(2,618,241)	
			7,188		511,912
Change in cash and cash equivalents in the reporting period			(577,018)		349,892
Cash and cash equivalents at 1 September 2016			721,941		372,049
Cash and cash equivalents at 31 August 2017			144,923		721,941

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Chapelton Academy Limited is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

The accounts 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Chapelton Academy Limited meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the accounts.

As explained in the trustees' report there is material uncertainty as to whether the going concern basis is appropriate for Chapelton Academy Limited, as an entity.

Chapelton Academy Limited is in a cumulative deficit position because pupil numbers have been insufficient to generate the required level of funding.

To date, the ESFA have been, and continue to be, supportive of Chapelton Academy Limited, however, they have expressed their view that they would prefer the academy to be rebrokered to a Multi Academy Trust. This would result in Chapelton Academy Limited, as the entity which operates the academy, becoming dormant and Chapelton Academy, as an academy, continuing under a new rebrokerage. The timing of this is uncertain.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

In 2015/2016, the academy received the property at Unit 6, Hydra Business Park as a donation from the proprietor, The Secretary of State. No consideration was paid for the property.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

These 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.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	2% straight line
Assets under construction	Not depreciated
Computer equipment	20 - 50% Straight line
Fixtures, fittings & equipment	10 - 20% Straight line

The academy moved into the freehold property at Unit 6 Hydra Business Park for the start of 16/17 academic year.

No depreciation is provided in respect of freehold land.

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.

1.6 Liabilities

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.

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Stock

Educational supplies are valued at the lower of cost and net realisable value.

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.10 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.

1.11 Pensions benefits

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 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 are 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 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.

1.12 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 funders where the asset acquired or created is held for a specific purpose.

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

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

Accounting 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 or 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donated fixed assets	-	-	-	1,250,000
Capital grants	-	90,091	90,091	3,129,857
	-	90,091	90,091	4,379,857

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	821,244	821,244	574,444
Start up grants	-	-	-	47,000
Other DfE / ESFA grants	-	123,657	123,657	193,438
	-	944,901	944,901	814,882
Other funds				
Other incoming resources	48,737	-	48,737	24,823
Total funding	48,737	944,901	993,638	839,705

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	995	-	995	-

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	150	-	150	296

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	539,392	-	114,301	653,693	603,355
- Allocated support costs	146,229	284,618	63,392	494,239	880,297
	685,621	284,618	177,693	1,147,932	1,483,652

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	7,000	6,700
- Other services	1,175	600
Operating lease rentals	62,459	155,248
Depreciation of tangible fixed assets	153,448	191,045
Loss on disposal of fixed assets	-	303,248