

CHAPELTOWN ACADEMY LIMITED

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

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	26,849	626,844	653,693	603,355
Support costs - educational operations	22,553	471,686	494,239	880,297
	<u>49,402</u>	<u>1,098,530</u>	<u>1,147,932</u>	<u>1,483,652</u>

	2017 £	2016 £
Analysis of support costs		
Support staff costs	146,229	113,259
Depreciation and amortisation	153,448	191,045
Loss on disposal of tangible fixed assets	-	303,248
Technology costs	730	1,202
Premises costs	126,610	230,090
Other support costs	53,399	28,171
Governance costs	13,823	13,282
	<u>494,239</u>	<u>880,297</u>

9 Staff costs

	2017 £	2016 £
Wages and salaries	523,997	497,533
Social security costs	47,059	35,171
Operating costs of defined benefit pension schemes	88,316	75,206
Staff costs	<u>659,372</u>	<u>607,910</u>
Supply staff costs	12,651	728
Staff development and other staff costs	13,598	15,278
Total staff expenditure	<u>685,621</u>	<u>623,916</u>

Staff numbers

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

	2017 Number	2016 Number
Teachers	16	14
Administration and support	6	5
Management	2	2
	<u>24</u>	<u>21</u>

CHAPELTOWN ACADEMY LIMITED

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

9 Staff costs (Continued)

The number of persons employed, expressed as a full time equivalent, was as follows:

	2017 Number	2016 Number
Teachers	12	11
Administration and support	4	2
Management	2	2
	<u>18</u>	<u>15</u>

Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £98,492 (2016: £112,284).

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The acting head/deputy head and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of acting head teacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

A Jaffer (acting head/deputy head):

- Remuneration £55,000 - £60,000 (2016: £30,000-£35,000)
- Employer's pension contributions £Nil (2016: £Nil)

During the year, travel and subsistence payments totalling £1,073 (2016: £1,839) were reimbursed or paid directly to 2 trustees (2016: 4 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees' and officers' insurance

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

CHAPELTOWN ACADEMY LIMITED

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

12 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2016	-	4,241,587	251,201	102,976	4,595,764
Transfer	4,241,587	(4,241,587)	-	-	-
Additions	17,556	-	31,385	34,112	83,053
At 31 August 2017	4,259,143	-	282,586	137,088	4,678,817
Depreciation					
At 1 September 2016	-	-	79,319	13,758	93,077
Charge for the year	85,182	-	55,871	12,395	153,448
At 31 August 2017	85,182	-	135,190	26,153	246,525
Net book value					
At 31 August 2017	4,173,961	-	147,396	110,935	4,432,292
At 31 August 2016	-	4,241,587	171,882	89,218	4,502,687

13 Stocks

	2017 £	2016 £
Stationery and books	1,292	728

14 Debtors

	2017 £	2016 £
Trade debtors	-	5,105
VAT recoverable	786	181,528
Other debtors	-	311
Prepayments and accrued income	16,774	163,250
	17,560	350,194

CHAPELTOWN ACADEMY LIMITED

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

15 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	6,271	533,931
Other taxation and social security	12,634	11,349
ESFA creditors: abatement of GAG	108,683	10,000
ESFA creditors: other	2,045	309,849
Other creditors	8,316	8,366
Accruals and deferred income	42,476	177,355
	<u>180,425</u>	<u>1,050,850</u>
16 Creditors: amounts falling due after more than one year	2017	2016
	£	£
ESFA creditors: abatement of GAG	<u>118,825</u>	<u>183,825</u>
17 Deferred income	2017	2016
	£	£
Deferred income is included within:		
Creditors due within one year	<u>30,305</u>	<u>45,886</u>
Deferred income at 1 September 2016	45,886	46,660
Released from previous years	(45,886)	(46,660)
Amounts deferred in the year	<u>30,305</u>	<u>45,886</u>
Deferred income at 31 August 2017	<u><u>30,305</u></u>	<u><u>45,886</u></u>

Deferred income includes amounts received in advance from the ESFA in respect of rates cost reimbursement and income received in excess of rates and lease costs incurred.

CHAPELTOWN ACADEMY LIMITED

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

18 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	(187,598)	821,244	(799,251)	-	(165,605)
Other DfE / ESFA grants	19,280	123,657	(126,831)	-	16,106
	<u>(168,318)</u>	<u>944,901</u>	<u>(926,082)</u>	<u>-</u>	<u>(149,499)</u>
Funds excluding pensions	(168,318)	944,901	(926,082)	-	(149,499)
Pension reserve	(25,000)	-	(19,000)	7,000	(37,000)
	<u>(193,318)</u>	<u>944,901</u>	<u>(945,082)</u>	<u>7,000</u>	<u>(186,499)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	3,250,397	90,091	(128,163)	-	3,212,325
Capital expenditure from GAG	2,290	-	(285)	-	2,005
Donated fixed assets	1,250,000	-	(25,000)	-	1,225,000
	<u>4,502,687</u>	<u>90,091</u>	<u>(153,448)</u>	<u>-</u>	<u>4,439,330</u>
Total restricted funds	<u>4,309,369</u>	<u>1,034,992</u>	<u>(1,098,530)</u>	<u>7,000</u>	<u>4,252,831</u>
Unrestricted funds					
General funds	6,506	49,882	(49,402)	-	6,986
Total funds	<u>4,315,875</u>	<u>1,084,874</u>	<u>(1,147,932)</u>	<u>7,000</u>	<u>4,259,817</u>

CHAPELTOWN ACADEMY LIMITED

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

18 Funds

(Continued)

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

General Annual Grant

The General Annual Grant (GAG) funds have been spent in line with the terms of the Master Funding Agreement. Under this funding agreement, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

At the year end there is currently £227,508 (2016: £193,825) due to the ESFA regarding abatement of GAG.

Other DfE/ESFA grants

Other grants received from the DfE and ESFA consist of Post 16 Bursary, Academies Free School Leasing and Academies Free Meals for Further Education.

The Post 16 Bursary helps support young people in defined vulnerable groups to participate in further education.

Academies Free School Leasing helps to reimburse the academy for the cost of leasing its premises.

Academies Free Meals for Further Education helps provide free meals to disadvantaged 16 to 18 year students in further education.

Capital grants

The capital grants include funding received from the ESFA to prepare the premises so that they are in a condition suitable for learning and to provide ICT equipment.

Unrestricted funds

The academy has received other income for examination fees, Duke of Edinburgh activities, sale of books, laptops, catering services and school trips.

The academy trust is carrying a net deficit of £142,513 (2016 : £161,812) on restricted general funds (excluding pension reserve) plus unrestricted funds because the pupil numbers were not to the level budgeted for and has resulted in the academy trust entering into a GAG abatement agreement with the ESFA. The academy trust is taking the following action to return these funds to surplus:

- Focusing on increasing pupil recruitment;
- Close monitoring of budgets and regular submissions to the ESFA; and
- Close monitoring of costs ensuring value for money obtained.

The restricted pension fund is in deficit to the value of £37,000 as at 31 August 2017 (2016: £25,000). The trustees will continue to monitor this situation closely.

CHAPELTOWN ACADEMY LIMITED

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

18 Funds (Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	(23,428)	574,444	(738,415)	(199)	(187,598)
Start up grants	-	47,000	(47,000)	-	-
Other DfE / ESFA grants	2,747	193,438	(176,905)	-	19,280
	<u>(20,681)</u>	<u>814,882</u>	<u>(962,320)</u>	<u>(199)</u>	<u>(168,318)</u>
Funds excluding pensions	(20,681)	814,882	(962,320)	(199)	(168,318)
Pension reserve	(4,000)	-	(5,000)	(16,000)	(25,000)
	<u>(24,681)</u>	<u>814,882</u>	<u>(967,320)</u>	<u>(16,199)</u>	<u>(193,318)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	613,955	3,129,857	(493,614)	199	3,250,397
Capital expenditure from GAG	2,969	-	(679)	-	2,290
Donated fixed assets	-	1,250,000	-	-	1,250,000
	<u>616,924</u>	<u>4,379,857</u>	<u>(494,293)</u>	<u>199</u>	<u>4,502,687</u>
Total restricted funds	<u>592,243</u>	<u>5,194,739</u>	<u>(1,461,613)</u>	<u>(16,000)</u>	<u>4,309,369</u>
Unrestricted funds					
General funds	3,426	25,119	(22,039)	-	6,506
	<u>3,426</u>	<u>25,119</u>	<u>(22,039)</u>	<u>-</u>	<u>6,506</u>
Total funds	<u>595,669</u>	<u>5,219,858</u>	<u>(1,483,652)</u>	<u>(16,000)</u>	<u>4,315,875</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	4,432,292	4,432,292
Current assets	6,986	149,751	7,038	163,775
Creditors falling due within one year	-	(180,425)	-	(180,425)
Creditors falling due after one year	-	(118,825)	-	(118,825)
Defined benefit pension liability	-	(37,000)	-	(37,000)
	<u>6,986</u>	<u>(186,499)</u>	<u>4,439,330</u>	<u>4,259,817</u>

CHAPELTOWN ACADEMY LIMITED

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

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	4,502,687	4,502,687
Current assets	6,506	1,066,357	-	1,072,863
Creditors falling due within one year	-	(1,050,850)	-	(1,050,850)
Creditors falling due after one year	-	(183,825)	-	(183,825)
Defined benefit pension liability	-	(25,000)	-	(25,000)
	<u>6,506</u>	<u>(193,318)</u>	<u>4,502,687</u>	<u>4,315,875</u>

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	8,246	-
Amounts due in two and five years	24,998	-
	<u>33,244</u>	<u>-</u>

21 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2017 £	2016 £
Net (expenditure)/income for the reporting period	(63,058)	3,736,206
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(90,091)	(3,129,857)
DfE/ESFA donation in kind		(1,250,000)
Investment income receivable	(150)	(296)
Defined benefit pension costs less contributions payable	19,000	6,000
Defined benefit pension net finance income	-	(1,000)
Depreciation of tangible fixed assets	153,448	191,045
Loss on disposal of fixed assets	-	303,248
(Increase)/decrease in stocks	(564)	15,324
Decrease/(increase) in debtors	332,634	(96,601)
(Decrease)/increase in creditors	(935,425)	63,911
Net cash used in operating activities	<u>(584,206)</u>	<u>(162,020)</u>

CHAPELTOWN ACADEMY LIMITED

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

22 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Yorkshire Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £8,459 (2016: £8,366) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £56,056 (2016: £58,649).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

CHAPELTOWN ACADEMY LIMITED

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

22 Pensions and similar obligations

(Continued)

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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.8% for employers and 5.5 to 6.5% for employees.

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

Total contributions made	2017 £	2016 £
Employer's contributions	13,000	11,000
Employees' contributions	6,000	5,000
Total contributions	<u>19,000</u>	<u>16,000</u>

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.45	3.65
Rate of increase for pensions in payment	2.20	2.00
Discount rate	2.50	2.20
Inflation assumption (CPI)	<u>2.20</u>	<u>1.90</u>

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

	2017 Years	2016 Years
Retiring today		
- Males	22.9	23.0
- Females	25.7	25.7
Retiring in 20 years		
- Males	25.1	25.4
- Females	<u>28.0</u>	<u>28.5</u>

	2017 £'000	2016 £'000
Discount rate + 0.1%	+2	-1
Mortality assumption + 1 year	-2	+1
CPI rate + 0.1%	<u>-2</u>	<u>+2</u>

CHAPELTOWN ACADEMY LIMITED

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

22 Pensions and similar obligations	(Continued)	
The academy trust's share of the assets in the scheme	2017	2016
	Fair value	Fair value
	£	£
Equities	35,000	18,000
Government bonds	8,000	4,000
Other bonds	4,000	2,000
Cash/ liquidity	1,000	-
Property	5,000	3,000
Other assets	4,000	2,000
	<u>57,000</u>	<u>29,000</u>
Total market value of assets		
	<u>57,000</u>	<u>29,000</u>
Actual return on scheme assets - gain/(loss)	5,000	4,000
	<u>5,000</u>	<u>4,000</u>
Amounts recognised in the statement of financial activities	2017	2016
	£	£
Current service cost	32,000	17,000
Interest income	(1,000)	(1,000)
Interest cost	1,000	-
	<u>32,000</u>	<u>16,000</u>
Total operating charge		
	<u>32,000</u>	<u>16,000</u>
Changes in the present value of defined benefit obligations	2017	2016
	£	£
Obligations at 1 September 2016	54,000	14,000
Current service cost	32,000	17,000
Interest cost	1,000	-
Employee contributions	6,000	5,000
Actuarial loss	2,000	18,000
Benefits paid	(1,000)	-
	<u>94,000</u>	<u>54,000</u>
At 31 August 2017		
	<u>94,000</u>	<u>54,000</u>

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 Pensions and similar obligations (Continued)

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

	2017 £	2016 £
Assets at 1 September 2016	29,000	10,000
Interest income	1,000	1,000
Actuarial gain	9,000	2,000
Employer contributions	13,000	11,000
Employee contributions	6,000	5,000
Benefits paid	(1,000)	-
At 31 August 2017	<u>57,000</u>	<u>29,000</u>

23 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 academy 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.

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

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.