

Company Registration No. 08264865 (England and Wales)

CHAPELTOWN ACADEMY LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

CHAPELTOWN ACADEMY LIMITED

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CHAPELTOWN ACADEMY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

A D M Wright
J E Joseph
S Ruston

Trustees

A D M Wright (Resigned 31 August 2018)
A Dexter (Resigned 12 November 2018)
T Beaumont (Resigned 8 October 2018)
R F Hoyland (Resigned 30 June 2018)
J E Joseph (Resigned 31 August 2018)
S Murphy (Resigned 9 September 2017)
Rev R Bridgewater (Resigned 30 June 2018)
S Hayes - Allen (Resigned 31 August 2018)
D Coe (Accounting Officer) (Appointed 1 September 2017)
K M Stott (Appointed 13 October 2017)
A A Jaffer (Appointed 1 September 2017)
G Hewson (Appointed 1 October 2018)
S G Parry (Appointed 1 October 2018)
J Nixson (Interim Chair of Trustees) (Appointed 1 November 2018)
J C Kilburn (Appointed 23 November 2018)

Senior management team

- Head Teacher
- Deputy Head Teacher
- Finance and Business Manager

D Coe (Appointed 1 September 2017)
A Jaffer (Resigned 31 October 2018)
L Starkes

Company registration number

08264865 (England and Wales)

Company name

Chapelton Academy Limited

Principal and registered office

Hydra Business Park
Nether Lane
Ecclesfield
Sheffield
South Yorkshire
S35 9ZX

Independent auditor

Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Bankers

Lloyds Bank
14 Church Street
Sheffield
S1 1HP

CHAPELTOWN ACADEMY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Bates, Wells and Braithwaite
Scandinavian House
2-6 Cannon Street
London
EC4M 6YH

CHAPELTOWN ACADEMY LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The academy trust operates an academy for pupils aged 16 to 19 serving a catchment area in North of Sheffield and Barnsley. It has a pupil capacity of 300 pupils and a roll of 226 in the school census on October 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Chapeltown Academy Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Chapeltown Academy.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on Page 1.

Members' liability

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

Trustees' indemnities

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

Method of recruitment and appointment/election of trustees

The membership originally came together in October 2012 when the charitable company was originally constituted. The founding members appointed A D M Wright, J E Joseph and S Ruston to succeed them as members of the company limited by guarantee. These individuals then, in turn, are required to appoint the directors (who are also trustees).

Policies and procedures adopted for the induction and training of trustees

The academy is committed to providing high quality induction, support and training for members of its governing body to ensure that all governors and trustees have a full understanding of the requirements of their role and are well-equipped to carry out their responsibilities.

Training and induction for the governing body are crucial and serve two key purposes: Governor training continues to be driven by its skills audit and includes induction training for new Governing Body members. Completion of online training is tracked and logged;

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

- i) Ensuring that all governors and trustees have the required skill-sets (both holistic and specific) to monitor and challenge with confidence the information in front of them;
- ii) Serving as a key tool for driving forward continuous improvement, by ensuring that the cumulative level of skills upon which the governing body (as a whole) can draw is always rising, and never stagnant.

Chair of trustees

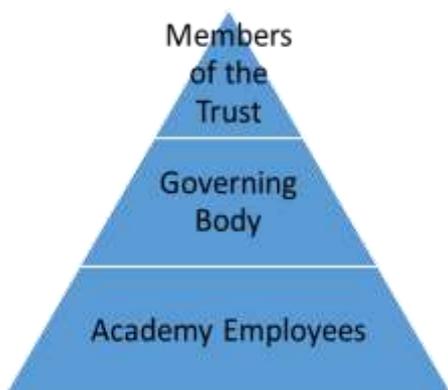
The above attributes are particularly important for the chair of trustees. The chair's relationships with the Headteacher and Senior Leadership Team are key to effective accountability. The Department and National Governors' Association guidance, 'Leading governors: the role of the chair of governors in schools and academies' provides a useful guide for the chair and a copy of this was made available by the Principal to the chair and vice chair. The chair of trustees has also enrolled on the leadership development programme for new chairs, run by the National College. The course comprises:

- i) The role of the chair – the leader ii) Leading the governing body
- iii) Effective governance: leading change and continuous improvement iv) Safeguarding and child protection v) OFSTED inspection framework.

The wider governing body

The governing body was made fully aware of its various responsibilities under the Education Acts, in particular regarding ensuring there is appropriate provision for students with Special Educational Needs and Disabilities (SEND), as well as the requirement to ensure there are adequate procedures in place to deal with complaints. All governors and trustees were made aware of the Equality Act 2010 and the academy's responsibilities regarding nondiscrimination and advancement of equality of opportunity in relation to admissions, appeals, recruitment and staffing. The governing body was made fully aware of its responsibilities under the Disability Discrimination Act 2010 and all decisions made at strategic level complied with this legislation. All governors and trustees were also made aware of their duties in relation to safeguarding, The Prevent Agenda, child protection and safer recruitment

Organisational structure



The operational arm was managed by employees of the academy trust. Employees reported to the governing body which, in turn, reported to the members of the academy trust.

Arrangements for setting pay and remuneration of key management personnel

The key personnel during 2017-2018 were as follows: -

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Head Teacher: Mr Dayle Coe (full academic year)

Finance and Business Manager: Lesley Starkes (full academic year)

The Governing Body directly manage the setting of pay for the Head Teacher.

Setting the pay of the HT and leadership team; The pay of all the staff, including the HT and members of the Leadership team is reviewed and determined by the Pay sub-committee who meet annually to carry out the review. Criteria used in the review include:

- (a) Reference to the Chapeltown Academy pay structure
- (b) Reference to the performance of each member of staff in relation to their individual performance management targets set in the previous year and their progress towards achievement of these targets
- (c) For the HT, the above and reference to the pay of other college leaders in similar institutions
- (d) For the HT and leadership team, their performance as judged against the college development plan and progress towards its full and successful implementation and the performance of the college in relation to its academic and financial key performance indicators.

Related parties and other connected charities and organisations

The Academy does not have any connected organisations or related party relationships.

Objectives and activities

Objects and aims

The overarching aim of the academy trust in 2017-18 was to provide an academic A-level education, based mainly on facilitating subjects, to 16-19-year-old students in the North of Sheffield, Barnsley and beyond. The academy trust was successful in achieving this aim.

Objectives, strategies and activities

The chief objectives during 2017-18 were as follows:

- i) Continue to improve outcomes for students and prepare for OFSTED
- ii) To recruit students from a wider area and increase enrolment figures
- iii) To make efficiency savings to manage the budget
- iv) To discuss joining a Multi-Academy Trust

Objectives i and ii were achieved through the following strategies:

- i) Implementation of a data tracker to monitor student progress and the inspection of the Academy in September 2018.
- ii) A strong marketing programme and schedule of 'keeping warm' activities leading up to enrolment;

Objective iii was achieved by: -

- i) Implementing financial efficiencies across all services including reviewing all services and contracts. Additional savings were made after a review of the Senior Leadership Team costs and ensuring the curriculum financial planning was robust. Advice was given by a Financial Efficiencies Advisor from the ESFA.

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FOR THE YEAR ENDED 31 AUGUST 2018

The Academy is still in discussions around joining a Multi-Academy Trust, but it is envisaged this will happen in or at the end of the 2018/2019 academic year.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit published by the charity commission in exercising their powers or duties.

Strategic report

Achievements and performance

Chapelton Academy has been operational for four full academic years. At the end of July 2018, the number of students on roll was 168. This is the number that sat A level qualifications in 2017/2018. The table below provides 2014/2015 information for comparison purposes and shows how the academy has more than doubled in size from Year 1 to Year 3. In September 2018, the Academy has 225 students on roll.

N.O.R. in Sept 2017 is 174

YEAR	TOTAL	Y12		Y13/Y13X			Y14	
		Started	Completed	Started	Progressed to Y14	Completed	Started	Completed
2014-2015 (19%)	56	56	55	0	N/A	N/A	0	N/A
2015-2016 (46%)	137	93	87	44	8	33	0	0
2016-2017 (63%)	188	101	90	79	1	74	8	7
2017-2018	174	92	81	81			1	

Curriculum

We have an academic A level only curriculum dominated by facilitating subjects plus the Extended Project Qualification. It is supplemented by a varied extra-curricular offer. Subjects (timetabled for 5.5 hours per week, including Registered Study Time) are organised into line management structures, each lead by SLT

- AHT: English, French, German, Spanish, English Literature, English Language and Literature
- AHT: Geography, History, Government and Politics, Economics, Philosophy and Ethics, Psychology □ HT: Maths, Further Maths and Computer Science, Physics, Chemistry, Biology,

From Sept 2017, this offer was widened to include: Law, Drama and Theatre and Sociology, PE, Business. In 2017-18 all students in Year 12 study three or four subjects; initial baseline assessments, GCSE performance and guidance discussions are used to ensure all students are on appropriate courses.

- 100% A* to E (100% last year)
- 20 A* grades (13 last year)
- 9 students all A*- A (6 last year)
- 62% of exam entries A*- B grades (50% last year)
- 84% of exam entries A*- C grades (78% last year)
- 42% of students gained A*-B in all subjects (23% last year)
- 24% of students gained at least AAB in 2 facilitating subjects (last year 11%)
- 37% of our students will be attending a Russell Group University

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- Average grade is B- (C+ last year)

84% of our exam entries gained A*- C and 62% A* - B, well above the national average of 75% and 52% respectively. 24% of students gained at least AAB in two facilitating subjects, which again compares very favourably against the national average of 17%.

We are so proud of all our students' hard work and subsequent achievements.

In terms of destinations, 37% of our students will be attending a Russel Group University, which is well above national average of 10%, several of whom will be heading the UKs top universities including Oxford, Cambridge, Durham, LSE and King's College London.

OFSTED

The academy was inspected in the September of 2018. The judgements were made on the progress and the T&L observed by the inspectors over a three-day period. The outcomes were as follows;

Outcomes: Good

Student behaviour and wellbeing: Good

Teaching and Learning: Good

Leadership: Good

There have been significant changes made to the SLT structure and their roles in order to improve standards and Quality Assurance processes since September including the establishment of a bespoke Progress Tracker.

Key performance indicators

Financial KPI's

As of 31st August 2018

	2018	2017
Fund balance (excluding fixed assets and pension)	(£169,346)	(£142,513)
Fund balance (including fixed assets and pension)	£4,178,545	£4,259,817
Cash in Bank	£56,445	£144,923
Total Staff Costs (£)	£821,783	£685,621
Salary Costs to ESFA Revenue Income (%)	87.27%	72.56%
Salary Costs to Total Income excluding fixed asset funds (%)	81.31%	68.92%
Salary Costs as Proportion of Total Expense (%)	67.48%	59.73%
FTE Teaching Staff	14	14
FTE Support Staff	5	4
Total FTE	19	18
Total Pupil Numbers	174	188
Pupil Teacher Ratio	12	13
Spend per pupil for non-pay expenditure lines excluding depreciation (£)	£1,384	£1,643

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It has been a challenging year for the trust and the focus is and will continue to be pupil recruitment which is improving in 2018/19. Note that the Academy Trust did not have a Head Teacher in 2016/17 which impacts significantly on 2017/18 and on the above KPI's.

Going concern

After making appropriate enquiries, the board of trustees has an expectation that the academy has adequate resources to continue in operational existence for the next academic year. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details can be found in the Statement of Accounting Policies.

However, the Trust is currently considering a membership of an appropriate multi-academy trust. Therefore, Chapeltown Academy Limited may cease operations at the end of the Academic year 2018/2019, but Chapeltown Academy as a school will continue to operate under another Academy Trust.

The next academic year sees the Academy revert to lagged funding, based on student numbers in the October 2017 census. Currently this is 174 students. The ESFA wrote a letter of comfort for the next intake of students in 2018 which confirmed that they would include the guarantee that student numbers above lagged funding would be funded up to 225 students.

The Trust is proactively marketing the Academy to attract more students, by attending Secondary School P16 events, hosting an Open Day and two Open Evenings for prospective students and parents, and also hosting an interschool Maths and MFL challenge.

With regards to the Academy's current deficit position, the Academy has a repayment plan in place with the ESFA to repay this within an agreed period.

Financial review

The academy trust received the majority of its income for the year in the form of a grant from the ESFA. The total income for the year (including capital grants) amounted to £1,122,605 (2017: £1,084,874).

The academy trust has a carried forward fund balance (including fixed assets and pension reserves) of £4,178,545 (2017: £4,259,817).

As noted above, the academy trust is in a net deficit position (excluding fixed asset and pension reserves) of £169,346 (2017: £142,513). Chapeltown Academy continues to have the support of the ESFA.

Reserves policy

In relation to reserves, the Chapeltown Academy Financial Handbook (CAFH) states the following:

“All academy trusts may keep money aside for when it is particularly needed and to build up reserves (e.g. for longterm capital projects). However, the AFH also mandates that the academy trust should use its allocated funding for the full benefit of its current pupils, and that if the academy trust has a substantial surplus it must have a clear plan for how it will be used to benefit its pupils. If the academy trust is in any doubt how to interpret these provisions, it should seek advice from the ESFA. In all cases the budget submitted to the ESFA must declare any unspent funds expected to be carried forward at the end of the financial year.”

The restricted pension fund is in deficit to the value of £48,000 (2017 £37,000) as at 31 August 2018. This deficit has arisen since Chapeltown Academy Limited joined the LGPS in August 2014 and the trustees will closely monitor the situation.

The academy trust holds a fixed asset reserve which comprises the land and buildings and other educational equipment used by the academy trust. At the balance sheet date, the value of the fixed asset reserve amounted to £4,395,891 (2017: £4,439,330).

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TRUSTEES' REPORT

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The trust is carrying a net deficit of £169,346 (2017: £142,513) on restricted general funds (excluding pension reserve) plus unrestricted funds. The 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 is obtained.

Investment policy

The academy trust currently has no financial investments other than short-term deposits; however, should it decide to pursue investments in the future the policy is to delegate the management of investments to a financial expert.

Principal risks and uncertainties

The academy trust compiled and monitored a risk register which was reviewed during governing body meetings. All risks were managed. The principle risks in the period were whether a viable number of students would be enrolled and whether the Academy would be funded on lagged funding for 2018-2019.

As noted above, the academy trust is in a net deficit position (excluding fixed asset and pension reserves) of £169,346 (2017: £142,513). Chapeltown Academy continues to have the support of the ESFA.

Fundraising

The Academy does not currently undertake any fundraising activities with commercial or professional fundraisers. The student body undertake in house fund raising for their chosen Charities, which includes regular bake sales, alternative dress days and raffles. Students and staff volunteer to help out in these activities. No external fundraising currently takes place. All donations are voluntary, and it is not compulsory to take part.

Charity Events/Collections			
Date	Event	Amount Collected £	Date Banked
Nov/Dec 2017	Bake Sale/Children in Need	£ 175.41	16/02/2018
Summer Term	Raffle	£ 120.70	20/07/2018
Total Amount Collected 2017-2018		£ 296.11	

CHAPELTOWN ACADEMY LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for the future

Improved results were published in summer 2018, and the Academy has 140 new Y12s on roll, and as at mid-October 2018 has 225 students on roll in total.

As noted in more detail in the Going Concern paragraph, Chapeltown Academy intends to join a Multi Academy Trust. The timing of this is uncertain. This will result in Chapeltown Academy Limited ceasing operations, and Chapeltown Academy, as an academy, continuing under a new brokerage.

Auditor

Insofar as the trustees are aware:

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

The trustees' report, incorporating a strategic report, has been approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on the board's behalf by:

J Nixson
Interim Chair of Trustees

CHAPELTOWN ACADEMY LIMITED

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Chapeltown Academy Limited 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 head teacher, 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 Chapeltown Academy Limited 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
A D M Wright (Resigned 31 August 2018)	4	6
A Dexter (Resigned 12 November 2018)	5	6
T Beaumont (Resigned 8 October 2018)	2	6
R F Hoyland (Resigned 30 June 2018)	5	5
J E Joseph (Resigned 31 August 2018)	3	6
S Murphy (Resigned 9 September 2017)	0	0
Rev R Bridgewater (Resigned 30 June 2018)	4	5
S Hayes - Allen (Resigned 31 August 2018)	4	6
D Coe (Accounting Officer) (Appointed 1 September 2017)	6	6
K M Stott (Appointed 13 October 2017)	6	6
A A Jaffer (Appointed 1 September 2017)	6	6
G Hewson (Appointed 1 October 2018)	0	0
S G Parry (Appointed 1 October 2018)	0	0
J Nixson (Interim Chair of Trustees) (Appointed 1 November 2018)	0	0
J C Kilburn (Appointed 23 November 2018)	0	0

The structure of the Governing Body has changed with resignations from two members over the academic year. These were Richard Hoyland and Robert Bridgewater. Replacement governors have been recruited, joining the Trust from October 2018. These will be Joanne Nixson and Janet Kilburn.

The Chair of Governors and Chair of the Finance Sub Committee stepped down from their roles on 31st August 2018, but remain as Members of the Trust and People of Significant control. These are Andy Wright and Jack Joseph.

A further governor, Tom Beaumont, stepped down in September, leaving a vacancy on the governing body which is yet to be appointed to. Stephen Hayes Allen stepped down as Parent Governor at the end of his term on 31st August 2018. A new parent governor, Georgina Hewson, was appointed in September 2018.

Ashley Dexter was appointed Chair of Governors from 1st September 2018.

The Academy Trust is working with the DFE and the Regional Schools Commissioner to ensure governance at Chapeltown Academy continues to strengthen following a year of changes.

A new Chair and Vice Chair of Governors will be elected in December 2018. A Chair of the Finance Sub Committee will also be elected in December 2018. During 2019 there will be a review of Governance and an audit of skills undertaken.

Ali Jaffer and Simon Ruston remain on the Governing Body.

The Governing Body has faced many challenges this academic year including:-

- Discussions with Multi Academy Trusts, with a view to joining one.

CHAPELTOWN ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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- Discussion with the ESFA and DfE regarding financial sustainability of the Trust.
 - A redundancy process to reduce Senior Leadership costs.

The Academy Trust undertook “Due Diligence” with a MAT from November 2017, but following discussions with the ESFA/DFE it was agreed to defer the joining of a Trust during the academic year.

The Academy Trust will continue to meet with the ESFA/DFE regarding joining a MAT in 2018/2019.

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to monitor and control the finances of the academy as well as take responsibility for any other general matters as they arise. The Governors were able to track student performance from the reports presented, and highlight any cause for concern by subject or by student. By tracking student data throughout the year, enabled the school to earn a “Good” judgement, improving from “Requires Improvement” in September 2018.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
A D M Wright (Resigned 31 August 2018) 2 4 A Dexter (Resigned 12 November 2018) 3 4		
T Beaumont (Resigned 8 October 2018) 1 4 R F Hoyland (Resigned 30 June 2018) 3 3 S Hayes - Allen (Resigned 31 August 2018) 3 4		
D Coe (Accounting Officer) (Appointed 1 September 2017)	4	4
A A Jaffer (Appointed 1 September 2017)	4	4

Review of value for money

As accounting officer the head teacher 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 available.

At each meeting, the Finance & Business Manager, presented the month end reports for the previous periods to the meeting dates. The month end reports included actual income and expenditure, and a forecast to the year end. There was also a cashflow projection and a notes page to communicate any changes to the budget. The Governing Body have designed the way financial information is provided to them, to ensure they fully understand the financial position at any time throughout the year and the forecast for future months.

Following low recruitment of students in September 2017, the school was facing a deficit budget position based on income in September 2018 on lagged funding. However, the ESFA agreed a “Letter of Comfort” agreeing to pay the academy on actuals up to a maximum of 225 should admissions increase in September 2018. The census figure for October 2018 was 226.

Based on the findings of the budget setting and current staffing levels in February 2018, the Governing Body agreed to offer a voluntary redundancy package to reduce staffing costs. In April 2018 a further compulsory redundancy procedure was implemented to reduce the costs of the Senior Leadership Team.

Budgets were reviewed for financial sustainability and the school was visited by an Efficiencies Adviser from the ESFA. A full audit of financial curriculum planning and budgets was undertaken and findings indicated a baseline figure of 213 students was required to operate the academy in 2018.

CHAPELTOWN ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The internal audit process confirmed that all systems and processes met with the Academies Financial Handbook requirements. No issues were highlighted therefore no further action was necessary.

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 on-going 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, effectively and economically. The system of internal control has been in place in Chapeltown Academy Limited for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

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 period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. 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 finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed S Hayes-Allen, a trustee, to carry out a programme of internal checks.

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

- review of purchasing and procurement systems;
- review of income and cash receipt systems;
- review of bank reconciliation systems;
- review of budgeting and governor reporting;
- review of payroll systems;
- review of expenses policy and procedures and;
- review of accounting preparation procedures and accounting policies.

On a quarterly basis, the reviewer reports to the board of trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The schedule of work performed by the reviewer has been undertaken three times in the year as stated in the Chapeltown Academy Financial Handbook. Overall, the reviews have proven compliance with the Academies Financial Handbook.

CHAPELTOWN ACADEMY LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of effectiveness

As accounting officer the head teacher 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 reviewer;

• the work of the external auditor;

• 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 finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 11 December 2018 and signed on its behalf by:

D Coe
Accounting Officer

J Nixon
Interim Chair of Trustees

CHAPELTOWN ACADEMY LIMITED

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Chapeltown Academy Limited I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

D Coe
Accounting Officer

11 December 2018

CHAPELTOWN ACADEMY LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Chapeltown Academy Limited for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:

J Nixon
Interim Chair of Trustees

CHAPELTOWN ACADEMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPELTOWN ACADEMY LIMITED

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Chapeltown Academy Limited for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that Chapeltown Academy Limited is currently in a deficit position. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on Chapeltown Academy Limited's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

CHAPELTOWN ACADEMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPELTOWN ACADEMY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

ACADEMY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor's responsibilities for the audit of the accounts

CHAPELTOWN ACADEMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPELTOWN

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hannah Jones (Senior Statutory Auditor)

for and on behalf of Hart Shaw LLP

Chartered Accountants
Statutory Auditor

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Europa Link
Sheffield Business Park
Sheffield
S9 1XU

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAPELTOWN ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 2 April 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chapeltown Academy Limited during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Chapeltown Academy Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chapeltown Academy Limited's funding agreement with the Secretary of State for Education dated 21 July 2014 and the Academies Financial Handbook, extant from 1 September

CHAPELTOWN ACADEMY LIMITED

2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- the review for transactions requiring prior approval from the Secretary of State and ensuring approval has been received where required;
- confirming that the academy trust has not sought borrowings that contravene section 3.4 of the Handbook;
- reviewing for connected party transactions and ensuring the academy has complied with section 3.2 of the Handbook;
- reviewing committee meeting minutes for indications of irregular transactions; and
- carrying out systems and controls testing and considering the effectiveness of such controls.

CHAPELTOWN ACADEMY LIMITED

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAPELTOWN ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Dated:

CHAPELTOWN ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted Funds General £	Restricted Funds Fixed Asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants Charitable activities:	3	-	-	111,901	111,901	90,091
- Funding for educational operations	4	68,994	941,631	-	1,010,625	993,638
Other trading activities	5	-	-	-	-	995
Investments	6	79	-	-	79	150
		<u>69,073</u>	<u>941,631</u>	<u>111,901</u>	<u>1,122,605</u>	<u>1,084,874</u>
Total						
Expenditure on:						
Charitable activities:						
- Educational operations	8	<u>68,260</u>	<u>994,277</u>	<u>155,340</u>	<u>1,217,877</u>	<u>1,147,932</u>
		<u>68,260</u>	<u>994,277</u>	<u>155,340</u>	<u>1,217,877</u>	<u>1,147,932</u>
Total	7	<u>68,260</u>	<u>994,277</u>	<u>155,340</u>	<u>1,217,877</u>	<u>1,147,932</u>
		<u>68,260</u>	<u>994,277</u>	<u>155,340</u>	<u>1,217,877</u>	<u>1,147,932</u>
Net income/(expenditure)		813	(52,646)	(43,439)	(95,272)	(63,058)
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	23	-	14,000	-	14,000	7,000
Net movement in funds		813	(38,646)	(43,439)	(81,272)	(56,058)
Reconciliation of funds						
Total funds brought forward		6,986	(186,499)	4,439,330	4,259,817	4,315,875
		<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

	<u>7,799</u>	<u>(225,145)</u>	<u>4,395,891</u>	<u>4,178,545</u>	<u>4,259,817</u>
Total funds carried forward					

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information		Unrestricted	Restricted	Restricted	Total
Year ended 31 August 2017		Funds	Funds	Funds	2017
	Notes	£	£	£	£
			General	Fixed Asset	
Income and endowments from:					
Donations and capital grants Charitable activities:					
- Funding for educational operations	3	-	-	90,091	90,091
- Other trading activities	4	48,737	944,901	-	993,638
Investments	5	995	-	-	995
	6	150	-	-	150
		<u>49,882</u>	<u>944,901</u>	<u>90,091</u>	<u>1,084,874</u>
Total					
Expenditure on:					
Charitable activities:					
- Educational operations	8	49,402	945,082	153,448	1,147,932
Net income/(expenditure)		480	(181)	(63,357)	(63,058)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	23	-	7,000	-	7,000

CHAPELTOWN ACADEMY LIMITED

Net movement in funds		480	6,819	(63,357)	(56,058)
Reconciliation of funds					
Total funds brought forward		6,506	(193,318)	4,502,687	4,315,875
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	7	<u>49,402</u>	<u>945,082</u>	<u>153,448</u>	<u>1,147,932</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds carried forward		<u>6,986</u>	<u>(186,499)</u>	<u>4,439,330</u>	<u>4,259,817</u>

CHAPELTOWN ACADEMY LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		4,380,752		4,432,292
Current assets					
Stocks	13	1,056		1,292	
Debtors	14	18,148		17,560	
Cash at bank and in hand		56,445		144,923	
		75,649		163,775	
Current liabilities					
Creditors: amounts falling due within one year	15	(89,365)		(180,425)	
Net current liabilities			(13,716)		(16,650)
Total assets less current liabilities			4,367,036		4,415,642
Creditors: amounts falling due after more than one year	16		(140,491)		(118,825)
Net assets excluding pension liability			4,226,545		4,296,817
Defined benefit pension scheme liability	23		(48,000)		(37,000)
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			4,395,891		4,439,330
- Restricted income funds			(177,145)		(149,499)
- Pension reserve			(48,000)		(37,000)
Total restricted funds			4,170,746		4,252,831
Unrestricted income funds	18		7,799		6,986
Net assets			4,178,545		4,259,817
Total funds			4,178,545		4,259,817

CHAPELTOWN ACADEMY LIMITED

The accounts were approved by the trustees and authorised for issue on 11 December 2018 and are signed on their behalf by:

J Nixon
Interim Chair of Trustees

Company Number 08264865

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash used in operating activities	21		(96,658)		(584,206)
Cash flows from investing activities					
Dividends, interest and rents from investments		79		150	
Capital grants from DfE Group		111,901		90,091	
Purchase of tangible fixed assets		(103,800)		(83,053)	
Net cash provided by investing activities			8,180		7,188
Net decrease in cash and cash equivalents in the reporting period			(88,478)		(577,018)
Cash and cash equivalents at beginning of the year			<u>144,923</u>		721,941
Cash and cash equivalents at end of the year			<u>56,445</u>		144,923

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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

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 2018

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 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.

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.

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.

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
Computer equipment	20 - 50% Straight line
Fixtures, fittings & equipment	10 - 20% Straight line

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

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 Leased assets

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.

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.

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 Department for Education Group.

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted	Restricted	Total	Total
	funds	funds	2018	2017
	£	£	£	£
Capital grants	-	111,901	111,901	90,091
	=====	=====	=====	=====

4 Funding for the academy trust's educational operations

	Unrestricted	Restricted	Total	Total
	funds	funds	2018	2017
	£	£	£	£
DfE / ESFA grants				
General annual grant (GAG)	-	898,332	898,332	821,244
Other DfE group grants	-	43,299	43,299	123,657
	=====	=====	=====	=====
	-	941,631	941,631	944,901
Other funding				
Other incoming resources	68,994	-	68,994	48,737
	=====	=====	=====	=====

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Total funding	68,994	941,631	1,010,625	993,638	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
5 Other trading activities					
	Unrestricted	Restricted	Total	Total	
	funds	funds	2018	2017	
	£	£	£	£	
Hire of facilities	-	-	-	995	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
6 Investment income					
	Unrestricted	Restricted	Total	Total	
	funds	funds	2018	2017	
	£	£	£	£	
Short term deposits	79	-	79	150	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
7 Expenditure					
	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other	2018	2017
	£	£	£	£	£
Academy's educational operations					
- Direct costs	634,005	-	106,978	740,983	653,693
- Allocated support costs	187,778	227,345	61,771	476,894	494,239
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	821,783	227,345	168,749	1,217,877	1,147,932
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income/(expenditure) for the year includes:			2018	2017	
			£	£	
Fees payable to auditor for:					
- Audit			7,000	7,000	
- Other services			2,668	1,175	
Operating lease rentals			-	62,459	
Depreciation of tangible fixed assets			155,340	153,448	

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

	Net interest on defined benefit pension liability		1,000	-
8	Charitable activities			
		Unrestricted funds	Restricted funds	Total
				Total
				2018
				2017
		£	£	£
	Direct costs			
	Educational operations	29,054	711,929	740,983
	Support costs			
	Educational operations	39,206	437,688	476,894
		68,260	1,149,617	1,217,877
				2018
				2017
				£
	Analysis of support costs			
	Support staff costs			187,778
	Depreciation			155,340
	Technology costs			364
	Premises costs			72,005
	Other support costs			44,955
	Governance costs			16,452
9	Staff			
	Staff costs			
	Staff costs during the year were:			
				2018
				2017
				£
	Wages and salaries			631,801
	Social security costs			58,165
	Pension costs			118,186
	Staff costs			808,152
	Agency staff costs			1,794
	Staff restructuring costs			3,112
	Staff development and other staff costs			8,725

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

	<u>476,894</u>	<u>494,239</u>
	<u>821,783</u>	<u>685,621</u>
Total staff expenditure		
Staff restructuring costs comprise:		
	3,112	-
	<u>3,112</u>	<u>-</u>
9 Staff (Continued)		
Staff numbers		
The average number of persons employed by the academy trust during the year was as follows:		
	2018	2017
	Number	Number
Teachers	17	16
Administration and support	5	6
Management	<u>3</u>	<u>2</u>
	<u>25</u>	<u>24</u>
The number of persons employed, expressed as a full time equivalent, was as follows:		
	2018	2017
	Number	Number
Teachers	11	12
Administration and support	5	4
Management	<u>3</u>	<u>2</u>
	<u>19</u>	<u>18</u>
Higher paid staff		
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:		
	2018	2017
	Number	Number
£60,001 - £70,000	1	-
	<u>1</u>	<u>-</u>

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 £173,304 (2017: £98,492).

10 Trustees' remuneration and expenses

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of 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:

D Coe (head teacher and trustee):

 Y Remuneration £65,000 - £70,000 (2017: £Nil)

 Y Employer's pension contributions £10,000 - £15,000 (2017: £Nil)

A Jaffer (deputy head and trustee):

 Y Remuneration £50,000 - £55,000 (2017: £55,000-£60,000)

 Y Employer's pension contributions £Nil (2017: £Nil)

During the year, travel and subsistence payments totalling £1,014 (2017: £1,073) were reimbursed or paid directly to 3 trustees (2017: 2 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.

12 Tangible fixed assets

	Freehold and equipment buildings	Computer land	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2017	4,259,143	282,586	137,088	4,678,817
Additions	99,060	-	4,740	103,800
At 31 August 2018	4,358,203	282,586	141,828	4,782,617
Depreciation				
At 1 September 2017	85,182	135,190	26,153	246,525
Charge for the year	86,662	54,702	13,976	155,340
At 31 August 2018	171,844	189,892	40,129	401,865
Net book value				
At 31 August 2018	<u>4,186,359</u>	<u>92,694</u>	<u>101,699</u>	<u>4,380,752</u>

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

	At 31 August 2017			
	4,173,961	147,396	110,935	4,432,292
13	Stocks	2018	2017	
		£	£	
	Stationery and books			1,292
				1,056
14	Debtors	2018	2017	
		£	£	
	VAT recoverable			786
	Prepayments and accrued income			16,774
				18,148
15	Creditors: amounts falling due within one year	2018	2017	
		£	£	
	Trade creditors			6,271
	Other taxation and social security			12,634
	ESFA creditors - abatement of GAG			108,683
	ESFA creditor: other			2,045
	Other creditors			8,316
	Accruals and deferred income			42,476
				89,365
16	Creditors: amounts falling due after more than one year	2018	2017	
		£	£	
	Other creditors			118,825
				140,491
17	Deferred income	2018	2017	
		£	£	
	Deferred income is included within:			
	Creditors due within one year			30,305
				28,927

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Deferred income at 1 September 2017	30,305	45,886
Released from previous years	(30,305)	(45,886)
Resources deferred in the year	<u>28,927</u>	<u>30,305</u>
Deferred income at 31 August 2018	<u>28,927</u>	<u>30,305</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 2018

18 Funds

	Balance at 1 September			Gains, losses and transfers	Balance at 31 August
	2017	Income	Expenditure		2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	(165,605)	898,332	(928,545)	-	(195,818)
Other DfE / ESFA grants	16,106	43,299	(40,732)	-	18,673
Pension reserve	(37,000)	-	(25,000)	14,000	(48,000)
	(186,499)	941,631	(994,277)	14,000	(225,145)
Restricted fixed asset funds					
DfE group capital grants	3,212,325	111,901	(130,055)	-	3,194,171
Capital expenditure from GAG	2,005	-	(285)	-	1,720
Donated fixed assets	1,225,000	-	(25,000)	-	1,200,000
	<u>4,439,330</u>	<u>111,901</u>	<u>(155,340)</u>	<u>-</u>	<u>4,395,891</u>
Total restricted funds	<u>4,252,831</u>	<u>1,053,532</u>	<u>(1,149,617)</u>	<u>14,000</u>	<u>4,170,746</u>
Unrestricted funds					
General funds	<u>6,986</u>	<u>69,073</u>	<u>(68,260)</u>	<u>-</u>	<u>7,799</u>
Total funds	<u>4,259,817</u>	<u>1,122,605</u>	<u>(1,217,877)</u>	<u>14,000</u>	<u>4,178,545</u>

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2018.

At the year end there is currently £140,491 (2017: £227,508) 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 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 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, sale of books, laptops, catering services and school trips.

The academy trust is carrying a net deficit of £169,346 (2017 : £142,513) 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 £48,000 as at 31 August 2018 (2017: £37,000). The trustees will continue to monitor this situation closely.

	Balance at				Gains,	Balance at
	1 September	Income	Expenditure	losses and	transfers	31 August
	2016	2017	2017	2017	2017	2017
	£	£	£	£	£	£
Restricted general funds						

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18	Funds					(Continued)
		(193,318)	1,886,532	(1,939,359)	21,000	(225,145)
	A current year 12 months and prior year 12 months combined position is as follows:					

		=====	=====	=====	=====	=====
		=====	=====	=====	=====	=====
	Total restricted funds	4,309,369	2,088,524	(2,248,147)	21,000	4,170,746
		=====	=====	=====	=====	=====
		=====	=====	=====	=====	=====
	Restricted fixed asset funds					
	DfE group capital grants	3,250,397	201,992	(258,218)	-	3,194,171
	Capital expenditure from GAG	2,290	-	(570)	-	1,720
	Donated fixed assets	1,250,000	-	(50,000)	-	1,200,000
		=====	=====	=====	=====	=====
		4,502,687	201,992	(308,788)	-	4,395,891
	Unrestricted funds					
	General funds	6,506	118,955	(117,662)	-	7,799
		=====	=====	=====	=====	=====
	Total funds	4,315,875	2,207,479	(2,365,809)	21,000	4,178,545
		=====	=====	=====	=====	=====

19 Analysis of net assets between funds

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	Funds
	£	£	£	£
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	4,380,752	4,380,752
Current assets	7,799	52,711	15,139	75,649
Creditors falling due within one year	-	(89,365)	-	(89,365)
	=====	=====	=====	=====
	=====	=====	=====	=====

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18	Funds				(Continued)
	Creditors falling due after one year	-	(140,491)	-	(140,491)
	Defined benefit pension liability	-	(48,000)	-	(48,000)
	Total net assets	7,799	(225,145)	4,395,891	4,178,545

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

(Continued)

19 Analysis of net assets between funds

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	Funds
	£	£	£	£
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>
Total net assets				

20 Commitments under operating leases

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

	2018	2017
	£	£
Amounts due within one year	11,697	8,246
Amounts due in two and five years	<u>16,723</u>	<u>24,998</u>
	<u>28,420</u>	<u>33,244</u>

21 Reconciliation of net expenditure to net cash flow from operating activities

	2018	2017
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(95,272)	(63,058)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(111,901)	(90,091)
Investment income receivable	(79)	(150)
Defined benefit pension costs less contributions payable	24,000	19,000
Defined benefit pension net finance cost	1,000	-

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23	Pension and similar obligations		(Continued)
	Depreciation of tangible fixed assets	155,340	153,448
	Decrease/(increase) in stocks	236	(564)
	(Increase)/decrease in debtors	(588)	332,634
	(Decrease) in creditors	(69,394)	(935,425)
		<hr/>	<hr/>
	Net cash used in operating activities	(96,658)	(584,206)

22 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.

23 Pension 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 multiemployer 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 £11,760 (2017: £8,459) were payable to the schemes at 31 August 2018 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' 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

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

(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%

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 £73,767 (2017: £56,056).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 15.9% for employers and 5.5 to 6.5% for employees.

The academy has entered into an agreement with the governors to make additional contributions in addition to the normal funding levels. These amounted to £200 (2017 £Nil) during the period of account to cover the period to 31 August 2018. The academy will continue to make additional contributions after August 2018.

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	2018	2017
	£	£
Employer's contributions	20,000	13,000
Employees' contributions	<u>8,000</u>	<u>6,000</u>
Total contributions	<u>28,000</u>	<u>19,000</u>
Principal actuarial assumptions	2018	2017

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23	Pension and similar obligations		(Continued)
		%	%
	Rate of increase in salaries	3.35	3.45
	Rate of increase for pensions in payment/inflation	2.20	2.20
	Discount rate for scheme liabilities	2.80	2.50
	Inflation assumption (CPI)	2.10	2.20
		<u> </u>	<u> </u>

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 Pension and similar obligations (Continued)

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

	2018	2017
	Years	Years
Retiring today		
- Males	23.0	22.9
- Females	25.8	25.7
Retiring in 20 years		
- Males	25.2	25.1
- Females	28.1	28.0
	<u> </u>	<u> </u>

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018	2017
	£'000	£'000
Discount rate + 0.1%	+3	+2
Mortality assumption + 1 year	-2	-2
CPI rate + 0.1%	-3	-2
	<u> </u>	<u> </u>

The academy trust's share of the assets in the scheme	2018	2017
	Fair value	Fair value
	£	£
Equities	47,000	35,000
Government bonds	13,000	8,000
Other bonds	6,000	4,000
Cash/ liquidity	4,000	1,000
Property	9,000	5,000
Other assets	10,000	4,000
Total market value of assets	<u>89,000</u>	<u>57,000</u>

The actual return on scheme assets was £4,000 (2017: £10,000).

Amount recognised in the Statement of Financial Activities	2018	2017
	£	£
Current service cost	43,000	32,000
Interest income	(2,000)	(1,000)

CHAPELTOWN ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23	Pension and similar obligations	(Continued)	
	Interest cost	3,000	1,000
	Administration expenses	<u>1,000</u>	<u>-</u>
	Total operating charge	45,000	32,000
	Changes in the present value of defined benefit obligations	<u><u> </u></u>	<u><u>2018</u></u>
			£
	At 1 September 2017		94,000
	Current service cost		43,000
	Interest cost		3,000
	Employee contributions		8,000
	Actuarial (gain)/loss		(12,000)
	Benefits paid		<u>1,000</u>
	At 31 August 2018		<u><u>137,000</u></u>
	Changes in the fair value of the academy trust's share of scheme assets		2018
			£
	At 1 September 2017		57,000
	Interest income		2,000
	Actuarial gain		2,000
	Employer contributions		20,000
	Employee contributions		8,000
	Benefits paid		1,000
	Administration expenses		<u>(1,000)</u>
	At 31 August 2018		<u><u>89,000</u></u>
24	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.