

Registered number: 07657852 (England and Wales)

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

Members

Dr A. Dickenson
Mr T. Nott
Mr P. Jackson

Trustees

Mrs J.E.M. Basford
Mr S.A. Butler
Mrs P. Cumming
Mr P.J. Cumming
Dr A. Dickenson
Mrs L. Irish
Mr P. Jackson
Mr R.W. Jeavons Fellows
Mr T.M. King
Mrs C. Knight
Mr T. Nott
Mrs P.A. Owen
Mrs C.M. Palethorpe
Mr P. F. Wilcox
Mrs K.B. Hollyhead (appointed 15 October 2015)

Company registered number

07657852

Company name

The Chantry School

Principal and registered office

Martley
Worcester
Worcestershire
WR6 6QA

Company secretary

Mr D.G. Darling (resigned 31 October 2015)
Mrs A. Bill (appointed 1 March 2016)

Senior management team

Dr A. Dickenson, Headteacher
N. Clear, Deputy Headteacher
Mrs L. Seabright, Assistant Headteacher
G. Hayes, Assistant Headteacher
Mrs A. Bill, Schools Business Manager

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

Advisers (continued)

Independent auditor

Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank Plc
4 The Cross
Worcester
WR1 3PY

THE CHANTRY SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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

The Trust operates an academy for pupils aged 11 to 16 serving a catchment area in Martley. It has a pupil capacity of 725 aged 11-16 students. The academy had a roll of 719 students aged 11 to 16 in the school on census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The Chantry School are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association. Nominations for vacant trustee positions are put before the Full Governing body and voted upon. The appointment is recorded in the minutes of that meeting. There is an open recruitment and election process for parent trustees by placing an advert in the school press. This is subsequently ratified at the next Full trustees meeting.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The academy has set up a comprehensive Induction programme for new trustees and new trustees are also encouraged to attend the 'New trustee Training' course put on by Local Authority Governor Services. Trustee training is assessed periodically and courses and opportunities for development are offered as and when they arise. Training options are actively pursued if requested by a trustee. This includes coming into school and working with staff.

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

ORGANISATIONAL STRUCTURE

The structure of the academy consists of a Board of Directors (the trustees). The trustees are responsible for setting the academy's policies, adopting the academy Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the academy including its curriculum, the achievement and welfare of students and staffing.

The management structure of the academy consists of a Senior Leadership Team headed by the Headteacher (who also sits on the Board of Directors). The Senior Team also consists of the Deputy Head, 2 Assistant Heads and a Business Manager who is also the Company Secretary. Each has a distinct role in ensuring the objectives of the academy are met.

There are a number of middle Management roles in the academy which are essentially Heads of Faculties or subjects ensuring that the curriculum is delivered effectively and that children are progressing adequately and also Heads of Year groups ensuring that children's welfare and behaviour is good.

The trustees have established five sub committees. Each sub committee has its own terms of reference detailing the responsibilities discharged to the sub committee. The terms of reference and meeting frequency for each sub committee is reviewed and approved by the trustees annually. The terms of reference for the Finance Sub Committee detail the academy's authorised spending limits.

The sub-committees of the Governing Body are the,

- Finance Committee
- Premises Committee
- Personnel Committee
- Curriculum Committee
- Pay Committee

Groups of trustees may be formally organised outside of the sub-committee structure to support the academy as required, to consider:

- Headteacher and Senior staff recruitment.
- Performance management of the Headteacher
- Pupil behaviour
- Staff discipline
- Complaints
- Significant areas of change management

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The setting of pay on appointment is defined by the school's pay policy that is reviewed annually. For key teaching staff this is set in accordance with School Teachers Pay and Conditions document. For key management personnel that are not teaching staff, guidance from the school's Human Resources advisors is sought to ensure the pay grade is commensurate with the duties of the post and that of similar posts in other schools. For pay awards for teaching staff that are key management personnel, the schools performance management policy applies. This includes measures against specific performance objectives as well as Teachers Standards. A recommendation is made by the reviewer to the Headteacher. The Headteacher reviews this recommendation and presents each decision to the Pay Committee. The Headteacher's performance is reviewed by a committee of governors, drawn from Pay Committee and advised by an external independent consultant. This committee is responsible on behalf of the governors for making decisions about the Headteacher's pay award.

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

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The academy continues to work with and support primary schools in the local pyramid. The academy is committed to working in partnership with these schools to ensure that there is long term cost benefit and successful transition for pupils. There is ongoing work to support literacy and numeracy projects in particular.

The academy is committed to working with the Aspire Consortium which focuses on getting the best deal for children needing to access an alternative curriculum. In addition the Headteacher is a Trustee of the Aspire Free School Academy based in Worcester providing support and Governance along with other Academy Headteachers to this new Alternative Provision School.

There are strict rules around related party relationships. Trustees do not receive payment for their services as trustees and their services are not procured by the school and vice versa. Trustees are asked to declare business interests to the academy during meetings as well as when they become a trustee. Any trustee declaring an interest in any part of a meeting will remove themselves from that part of the meeting.

OBJECTIVES AND ACHIEVEMENTS

OBJECTS AND AIMS

As described, the object of The Chantry School is set out in the Company's Articles of Association.

The trustees continue to set the academy's strategic aims through the School Development Plan. These aims are monitored closely by the Board of Directors by way of Head teacher and Senior Team reports and through the work of the sub committees.

The key aims of the academy for the forthcoming year are to:

1. Develop Pupil Achievement so that The Chantry School is consistently in national Top 10% VA measures (as indicated by a range of measures);
2. Develop the capacity of Teaching Staff to become skilled practitioners and subject specialists, and so highly effective in their role;
3. All pupils will continue to thrive as a result of their curriculum experience making them increasingly independent, engaged, motivated and trained to enable success at GCSE.;
4. To further develop the quality and effectiveness of our pastoral system by consistently embedding best practice across all year groups and subjecting the system to QA procedures to establish to what extent we have enhanced our pupils' well-being.;
5. Recognise and develop Leaders to be highly effective in their roles, with a deep understanding of their areas of responsibility and an ability to respond to and affect change;
6. Continue to serve The Chantry School's community by planning for, and delivering, an additional 30 pupil places per year from 2018, whilst maintaining strong financial control.

OBJECTIVES, STRATEGIES AND ACTIVITIES

To ensure school and department KPI's are in line with top 10% performance.

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

PUBLIC BENEFIT

The Academy Trust promotes for the benefit of the inhabitants of Martley and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities with the objective of improving the condition of life of said inhabitants.

In setting objectives and planning the Academy's activities, the trustees have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Chantry School was legally formed on the 3rd June 2011. This Annual Report covers the academy's fourth period of operation.

The academy was rated as an 'Outstanding school' by Ofsted in 2009. Summer 2016 results were the school's best ever as measured on the 5A*-C including English and Maths, placing the school in the 9th percentile rank, and significantly above the national average. The Progress 8 score of 0.32 placed the school in the top 20% of all schools and significantly above the national average.

The academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self evaluation, data analysis and action planning.

KEY FINANCIAL PERFORMANCE INDICATORS

Table 1 provides a summary of the academy's performance in the summer 2015 examination season which is a key performance indicator for the academy.

Table 1 - Summary of GCSE examination results 2016

	Overall (141 students)
A* C Inc. English and Maths	82%
5A* C Inc. English and Maths	80%
Progress 8	0.32
Attainment 8	5.6

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

GOING CONCERN

After consideration of the school's financial position and its financial plans, the trustees have a reasonable expectation that the academy has and will continue to have adequate resources to enable it to be a sustainable going concern in 2016/17. The school continues to be a going concern, although the financial climate is very challenging. A static General Annual Grant means cost of living pay rises are unfunded which, coupled with recent rises in pensions and national insurance employer contributions, means that there is reduced allocation of resource to pupils. This reduction in resource will need to continue for the foreseeable future in order to set a balanced annual budget. However, this is achievable although the impact will be to diminish pupil's experiences and opportunities at the school. For this reason the academy continues to adopt the Going Concern principle in preparing its financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

FINANCIAL REVIEW

Restricted fund

The majority of the academy's income was received through Education Funding Agency (EFA) recurrent revenue grants into the restricted general fund, the use of which is restricted to the academy's charitable activities, its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the Statement of Financial Activity (SOFA). General restricted fund income for the year was £3,463,769 expenditure against the fund was £3,493,344.

A deficit of £(1,782,493) has arisen on the General Restricted fund due to the deficit of £(1,989,000) on the Local Government Pension Scheme ("LGPS") which is allocated to this fund. The LGPS liability will not crystallise immediately.

Unrestricted fund

Income received into the unrestricted fund was £284,189. Expenditure against the fund was £262,513 for the year.

Restricted fixed asset fund

The restricted fixed asset fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Academy's depreciation policy. Income received into the fund included Capital Improvement Funding and Formula Capital Funding of £16,015.

Balance Sheet

The academy's assets were predominantly used for providing education to school students. Some assets were used by the local community, predominantly for Sport Martley Sports Centre which promotes local health and wellbeing. The net book value of the academy's tangible fixed assets was £5,212,641 as at 31st August 2016. The movement on these assets is detailed in note 12.

Cash in hand at 31st August 2016 was £648,753.

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

RESERVES POLICY

The Trustees review the academy's reserve policy annually as part of the budget setting process. They have determined that the annual budget should be balanced without the use of any carry forward reserves thus protecting the current balance of reserves for emergencies and future capital works. The Trustees have determined that the level of reserves, which are not invested in fixed assets at the year end to be £100,000.

The academy's free reserves as at 31st August 2016 were £432,609.

The reserves held in excess of the stated policy will support the Academy in the transition of expansion over the next two-three years.

INVESTMENT POLICY AND PERFORMANCE

Investments vehicles are approved by the trustees with the support of expert advice as necessary. The academy plans to invest a large proportion of its monthly cash reserves in a higher interest, long term but low risk cash investment plan with its supporting bank. The academy does not have any endowment funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have a comprehensive risk management process to identify and monitor the risks faced by the academy. The risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

The principal financial risk facing the school is that funding is dependent upon pupil numbers. Numbers are currently healthy and expect the demand for places to increase in the next few years. The schools future funding is also dependent upon Government Policy for Education.

The Trustees consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

FUNDS HELD AS CUSTODIAN

The school has close links with the Worcester Association of School Business Management (WASBM). The academy administers funds for the association but WASBM has its own bank account and finance system. None of the transactions associated with the WASBM are included within these financial statements.

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

FUTURE DEVELOPMENTS

The academy strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The academy believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra curricular activities.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

This report, incorporating a strategic report, was approved by order of the board of trustees as the company directors, on 12 December 2016 and signed on its behalf by:

Mr T. Nott
Chair of Trustees



THE CHANTRY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Chantry School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Chantry School 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J.E.M. Basford	2	4
Mr S.A. Butler	4	4
Mrs P. Cumming	4	4
Mr P.J. Cumming	4	4
Dr A. Dickenson	4	4
Mrs L. Irish	3	4
Mr P. Jackson	2	4
Mr R.W. Jeavons Fellows	1	4
Mr T.M. King	2	4
Mrs C. Knight	1	4
Mr T. Nott	4	4
Mrs P.A. Owen	4	4
Mrs C.M. Palethorpe	3	4
Mr P. F. Wilcox	3	4
Mrs K.B. Hollyhead	3	3

The Academy Trust has not carried out a Governance review in the year, however intends to perform its next self-evaluation in the spring of 2017.

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GOVERNANCE STATEMENT (continued)

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is:

1. The recommendation of the annual budget to the governing body;
2. The delegation of the budget responsibilities to budget managers;

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J.E.M Basford	3	3
Mr P.J. Cumming	3	3
Mr P. Jackson	3	3
Dr. A. Dickenson	3	3
Mr T. Nott	2	3
Mrs C. Palethorpe	2	3
Mr R.W. Jeavons Fellows	0	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Continued strong systems in relation to procuring goods and services across the school budget with regular review and quality assurance systems in place;
- Reduce the number of staff by reviewing vacant posts and restructuring when able;
- Utilise the skill set of the site staff within school to maintain the school buildings in a cost effective way.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Chantry School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance 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 Angelique Dalton, the Business Manager of Dyson Perrins C of E Academy to perform peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a semi-annual basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

In particular the checks carried out in the current year include:

- testing of payroll systems
- testing of purchase systems
- testing of bank reconciliations and petty cash
- testing of VAT returns

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of trustees on 12 December 2016 and signed on their behalf, by:

Mr T. Nott
Chair of Trustees



Dr. A. Dickenson
Accounting Officer



THE CHANTRY SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Dr. A. Dickenson
Accounting Officer

Date: 12 December 2016

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 12 December 2016 and signed on its behalf by:

Mr T. Nott
Chair of Trustees



THE CHANTRY SCHOOL
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CHANTRY SCHOOL**

We have audited the financial statements of The Chantry School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CHANTRY SCHOOL**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Helen Drew (Senior Statutory Auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
12 December 2016

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
CHANTRY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the governing body during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE GOVERNING BODY'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of the governing body's funding agreement with the Secretary of State for Education dated July 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
CHANTRY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

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


Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

12 December 2016

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	3,381	16,015	19,396	216,197
Charitable activities	3	273,639	3,460,388	-	3,734,027	3,672,212
Other trading activities	4	7,325	-	-	7,325	7,091
Investments	5	3,225	-	-	3,225	3,138
TOTAL INCOME		284,189	3,463,769	16,015	3,763,973	3,898,638
EXPENDITURE ON:						
Raising funds		5,765	-	-	5,765	6,535
Charitable activities		256,748	3,493,344	172,021	3,922,113	4,006,491
TOTAL EXPENDITURE	6	262,513	3,493,344	172,021	3,927,878	4,013,026
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	21,676	(29,575)	(156,006)	(163,905)	(114,388)
		-	(8,851)	8,851	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		21,676	(38,426)	(147,155)	(163,905)	(114,388)
Actuarial losses on defined benefit pension schemes	20	-	(773,000)	-	(773,000)	(67,000)
NET MOVEMENT IN FUNDS		21,676	(811,426)	(147,155)	(936,905)	(181,388)
RECONCILIATION OF FUNDS:						
Total funds brought forward		204,426	(971,067)	5,359,796	4,593,155	4,774,543
TOTAL FUNDS CARRIED FORWARD		226,102	(1,782,493)	5,212,641	3,656,250	4,593,155

The notes on pages 22 to 41 form part of these financial statements.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07657852

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		5,212,641		5,359,796
CURRENT ASSETS					
Debtors	13	54,635		120,147	
Cash at bank and in hand		648,753		599,653	
		<u>703,388</u>		<u>719,800</u>	
CREDITORS: amounts falling due within one year	14	(262,563)		(298,961)	
NET CURRENT ASSETS			440,825		420,839
TOTAL ASSETS LESS CURRENT LIABILITIES			5,653,466		5,780,635
CREDITORS: amounts falling due after more than one year	15		(8,216)		(9,480)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			5,645,250		5,771,155
Defined benefit pension scheme liability	20	(1,989,000)		(1,178,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,656,250		4,593,155
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	206,507		206,933	
Restricted fixed asset funds	16	5,212,641		5,359,796	
Restricted income funds excluding pension liability		5,419,148		5,566,729	
Pension reserve		(1,989,000)		(1,178,000)	
Total restricted income funds			3,430,148		4,388,729
Unrestricted income funds	16		226,102		204,426
TOTAL FUNDS			3,656,250		4,593,155

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:

Mr T. Nott
Chair of Trustees



The notes on pages 22 to 41 form part of these financial statements.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	55,358	(158,807)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(24,866)	(43,531)
Capital grants from DfE/EFA		16,015	214,197
Net cash (used in)/provided by investing activities		(8,851)	170,666
Cash flows from financing activities:			
Repayments of borrowings		(632)	-
Cash inflows from new borrowing		-	10,112
Interest receivable		3,225	3,138
Net cash provided by financing activities		2,593	13,250
Change in cash and cash equivalents in the year		49,100	25,109
Cash and cash equivalents brought forward		599,653	574,544
Cash and cash equivalents carried forward		648,753	599,653

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

First time adoption of FRS 102

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

Where changes to recognition, measurement, presentation and disclosure requirements differ from previous UK GAAP the impact on the financial statements can be found in note 24.

1.2 Company status

The academy is a company limited by guarantee. The Academy is incorporated in England & Wales, registered number is 07657852. The registered office is The Chantry School, Martley, Worcester, Worcestershire, WR6 6QA. The members of the company are the trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Going concern

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

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

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

Investment income, gains and losses are allocated to the appropriate fund.

1.5 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Expenditure

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

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

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 per unit are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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.

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.

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

L/Term leasehold property	-	50 years straight line
Motor vehicles	-	5 - 10 years straight line
Fixtures and fittings	-	3 - 10 years straight line
Computer equipment	-	3 - 5 years straight line

Leasehold land is depreciated over the term of the lease.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 Interest receivable

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

1.10 Taxation

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

There are no critical judgements which would have a material impact on the financial statements.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	3,381	-	3,381	2,000
Capital Grants	-	-	16,015	16,015	214,197
Total donations and capital grants	-	3,381	16,015	19,396	216,197

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds, £2,000 was to restricted funds and £214,197 was to restricted fixed asset funds.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Funding for educational operations	18,665	3,460,388	3,479,053	3,431,819
School fund income	254,974	-	254,974	240,393
	<u>273,639</u>	<u>3,460,388</u>	<u>3,734,027</u>	<u>3,672,212</u>

In 2015, of the total income from charitable activities, £271,158 was to unrestricted funds and £3,401,054 was to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General annual grant	-	3,300,896	3,300,896	3,216,087
Other DfE/EFA grants	-	84,996	84,996	113,761
	<u>-</u>	<u>3,385,892</u>	<u>3,385,892</u>	<u>3,329,848</u>
Other government grants				
Local Authority grants	-	23,813	23,813	27,535
	<u>-</u>	<u>23,813</u>	<u>23,813</u>	<u>27,535</u>
Other funding				
Other income	4,230	50,683	54,913	49,600
Catering profit share	14,435	-	14,435	24,836
	<u>18,665</u>	<u>50,683</u>	<u>69,348</u>	<u>74,436</u>
	<u>18,665</u>	<u>3,460,388</u>	<u>3,479,053</u>	<u>3,431,819</u>

In 2015, of the total income from charitable activities, £30,765 was to unrestricted funds and £3,401,054 was to restricted funds.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	4,502	-	4,502	4,304
Other income	2,823	-	2,823	2,787
	<u>7,325</u>	<u>-</u>	<u>7,325</u>	<u>7,091</u>

In 2015, of the total income from other trading activities, £7,091 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	3,225	-	3,225	3,138

In 2015, of the total investment income, £3,138 was to unrestricted funds and £ NIL was to restricted funds.

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds:	5,765	-	-	5,765	6,535
Funding for education:					
Direct costs	2,509,495	172,021	155,817	2,837,333	2,764,108
Support costs	431,303	216,238	180,491	828,032	999,349
School fund costs	-	-	256,748	256,748	243,034
	<u>2,946,563</u>	<u>388,259</u>	<u>593,056</u>	<u>3,927,878</u>	<u>4,013,026</u>

In 2016, of the total expenditure, £262,513 (2015 - £343,569) was to unrestricted funds, £3,493,344 (2015 - £3,476,017) was to restricted funds and £172,021 (2015 - £193,440) was to restricted fixed asset funds.

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

7. SUPPORT COSTS

	Funding for education £	<i>As restated Total 2015 £</i>
Technology costs	23,877	26,220
Premises costs	216,238	389,110
Other support costs	143,989	152,635
Governance costs	12,625	11,510
Wages and salaries	294,107	307,179
National insurance	17,615	17,037
Pension cost	119,581	95,658
	<u>828,032</u>	<u>999,349</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of the charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

Included within wages and salaries are governance costs of £5,272 (2015: £7,250).

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	<i>As restated 2015 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	172,021	193,440
Auditor's remuneration - audit	9,450	8,450
Auditor's remuneration - other services	3,175	3,060
Operating lease rentals	3,657	3,872
	<u>188,303</u>	<u>208,822</u>

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,321,003	2,307,727
Social security costs	189,437	168,288
Operating costs of defined benefit pension schemes	436,123	363,251
	<u>2,946,563</u>	<u>2,839,266</u>
Supply teacher costs	-	4,637
	<u>2,946,563</u>	<u>2,843,903</u>

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

	2016 No.	2015 No.
Teachers	46	44
Admin and Support	47	47
Management	5	5
	<u>98</u>	<u>96</u>

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

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

The key management personnel of the academy 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 was £376,173 (2015: £352,204).

THE CHANTRY SCHOOL
(A Company Limited by Guarantee)

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

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016 £	2015 £
A Dickenson	Remuneration	70,000-75,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
L Irish	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000
K Hollyhead	Remuneration	20,000-25,000	-
	Pension contributions paid	0-5,000	-
L Seabright	Remuneration	-	50,000-55,000
	Pension contributions paid	-	5,000-10,000

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

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. From 1 July 2015, the academy has opted into the Department for Education's risk protection arrangement (RPA), the insurance provides cover up to £5,000,000 (2015: £5,000,000) on any one claim. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme (2015: as in current year). The cost of this insurance is included in the total insurance cost.

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

12. TANGIBLE FIXED ASSETS

	L/term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	5,484,147	26,012	237,943	168,525	5,916,627
Additions	-	-	10,351	14,515	24,866
At 31 August 2016	5,484,147	26,012	248,294	183,040	5,941,493
Depreciation					
At 1 September 2015	320,920	7,868	139,804	88,239	556,831
Charge for the year	106,046	3,601	35,064	27,310	172,021
At 31 August 2016	426,966	11,469	174,868	115,549	728,852
Net book value					
At 31 August 2016	5,057,181	14,543	73,426	67,491	5,212,641
At 31 August 2015	5,163,227	18,144	98,139	80,286	5,359,796

13. DEBTORS

	2016 £	2015 £
Trade debtors	704	3,211
Other debtors	16,797	54,183
Prepayments and accrued income	37,134	62,753
	<u>54,635</u>	<u>120,147</u>

14. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other loans	1,264	632
Trade creditors	73,448	127,318
Other taxation and social security	55,314	48,143
Other creditors	56,290	51,034
Accruals and deferred income	76,247	71,834
	<u>262,563</u>	<u>298,961</u>

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14. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	56,593	46,576
Resources deferred during the year	54,213	56,593
Amounts released from previous years	(56,593)	(46,576)
Deferred income at 31 August 2016	<u>54,213</u>	<u>56,593</u>

Included within deferred income are monies received for school trips in advance of the next academic year and rates relief received in advance.

**15. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Other loans	<u>8,216</u>	<u>9,480</u>

Included within the above are amounts falling due as follows:

	2016 £	2015 £
Between one and two years		
Other loans	<u>1,264</u>	<u>1,264</u>
Between two and five years		
Other loans	<u>3,792</u>	<u>3,792</u>
Over five years		
Other loans	<u>3,160</u>	<u>4,424</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by instalments	<u>3,160</u>	<u>4,424</u>

Other loans from Salix Finance Ltd of £9,480 (2015: £10,112) are unsecured, interest free and has fixed repayment terms up to September 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	204,426	284,189	(262,513)	-	-	226,102
Restricted funds						
General Annual Grant (GAG)	206,933	3,300,896	(3,292,471)	(8,851)	-	206,507
Other grants	-	108,809	(108,809)	-	-	-
Donations	-	3,381	(3,381)	-	-	-
Other income	-	50,683	(50,683)	-	-	-
Pension reserve	(1,178,000)	-	(38,000)	-	(773,000)	(1,989,000)
	(971,067)	3,463,769	(3,493,344)	(8,851)	(773,000)	(1,782,493)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	5,359,796	16,015	(172,021)	8,851	-	5,212,641
Total restricted funds	4,388,729	3,479,784	(3,665,365)	-	(773,000)	3,430,148
Total of funds	4,593,155	3,763,973	(3,927,878)	-	(773,000)	3,656,250

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

Restricted fixed asset fund

This fund represents the carrying value of the fixed assets that have been funded by grants from the EFA plus amounts received to be expended in the future on fixed assets.

Transfers

These represent amounts utilised from the DfE grants which have been used for the acquisition of fixed assets during the year.

Gains and losses

These represent the actuarial losses on the Local Government Pension Scheme.

Restricted general funds

This fund represents grants received for the Academy's operational activities and development and includes the General Annual Grant.

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

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

SUMMARY OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	204,426	284,189	(262,513)	-	-	226,102
Restricted funds	(971,067)	3,463,769	(3,493,344)	(8,851)	(773,000)	(1,782,493)
Restricted fixed asset funds	5,359,796	16,015	(172,021)	8,851	-	5,212,641
	<u>4,593,155</u>	<u>3,763,973</u>	<u>(3,927,878)</u>	<u>-</u>	<u>(773,000)</u>	<u>3,656,250</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	5,212,641	5,212,641	5,359,796
Current assets	219,387	484,001	-	703,388	719,800
Creditors due within one year	6,715	(269,278)	-	(262,563)	(298,961)
Creditors due in more than one year	-	(8,216)	-	(8,216)	(9,480)
Provisions for liabilities and charges	-	(1,989,000)	-	(1,989,000)	(1,178,000)
	<u>226,102</u>	<u>(1,782,493)</u>	<u>5,212,641</u>	<u>3,656,250</u>	<u>4,593,155</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(163,905)	(114,388)
Adjustment for:		
Depreciation charges	172,021	193,440
Decrease/(increase) in debtors	58,797	(27,886)
Decrease in creditors	(30,315)	(7,638)
Capital grants from DfE and other capital income	(16,015)	(214,197)
Defined benefit pension scheme cost less contributions payable	(7,000)	(27,000)
Defined benefit pension scheme finance cost	45,000	42,000
Interest receivable	(3,225)	(3,138)
Net cash provided by/(used in) operating activities	<u>55,358</u>	<u>(158,807)</u>

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19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	648,753	599,653
Total	<u>648,753</u>	<u>599,653</u>

20. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £45,710 were payable to the schemes at 31 August 2016 (2015 - £40,974) 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

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- 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

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20. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £287,911 (2015 - £234,088).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £140,000 (2015 - £155,000), of which employer's contributions totalled £110,000 (2015 - £125,000) and employees' contributions totalled £30,000 (2015 - £30,000). The agreed contribution rates for future years are 14.5% for employers and 5.5-12.5% 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.

The Academy has entered into an agreement to make additional contributions in addition to normal funding levels due to the scheme being in deficit. It is anticipated that the additional contributions will be paid over the next 18 years.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.40 %	3.80 %
Rate of increase for pensions in payment / inflation	2.00 %	2.30 %
Inflation assumption (CPI)	1.90 %	2.30 %

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FOR THE YEAR ENDED 31 AUGUST 2016**

20. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	23.5	23.4
Females	25.9	25.8
Retiring in 20 years		
Males	25.8	25.6
Females	28.2	28.1

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	787,000	586,000
Other Bonds	60,000	40,000
Property	43,000	-
Cash	22,000	7,000
Government bonds	-	1,000
Other	33,000	23,000
Total market value of assets	<u>945,000</u>	<u>657,000</u>

The actual return on scheme assets was £145,000 (2015 - £Nil).

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	101,000	96,000
Net interest cost	45,000	42,000
Administration expenses	2,000	2,000
Total	<u>148,000</u>	<u>140,000</u>

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

20. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	1,835,000	1,600,000
Current service cost	101,000	96,000
Interest cost	74,000	65,000
Contributions by employees	30,000	30,000
Actuarial losses	890,000	45,000
Benefits paid	4,000	(1,000)
Closing defined benefit obligation	<u>2,934,000</u>	<u>1,835,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	657,000	504,000
Interest income	29,000	23,000
Actuarial gains and (losses)	117,000	(22,000)
Contributions by employer	110,000	125,000
Contributions by employees	30,000	30,000
Benefits paid	4,000	(1,000)
Administration expenses	(2,000)	(2,000)
Closing fair value of scheme assets	<u>945,000</u>	<u>657,000</u>

21. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	3,657	3,657
Between 1 and 5 years	1,829	5,486
Total	<u>5,486</u>	<u>9,143</u>

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

22. RELATED PARTY TRANSACTIONS

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

During the year the academy was supported in the planning, coordination and evaluation of Applefest by CMP Consult, a company in which Mrs C.M. Palethorpe (a trustee of the academy) has a majority interest. The services provided by CMP Consult totalled £437.80 (2015: £437.80).

23. MEMBERS' LIABILITY

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

24. FIRST TIME ADOPTION OF FRS 102

The policies applied under the Academy's previous accounting framework upon which the financial statements for the year ended 31 August 2015 were prepared, are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The only impact from transition was to the split between the actuarial gains or losses and the additional costs incurred from the Local Government Pension Scheme. The 31 August 2015 actuarial loss has been reduced by £15,000 to £67,000 with a corresponding increase to pension costs for the same amount. This has no impact on the restricted pension liability fund of £1,178,000.