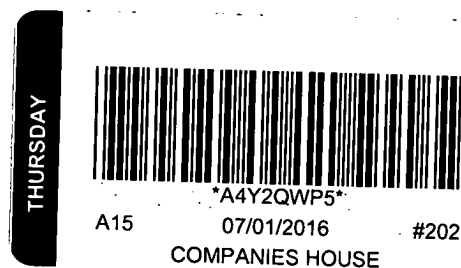


CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015



CHARTERS SCHOOL**(A Company Limited by Guarantee)**

CONTENTS

| | Page |
|---|---------|
| Reference and administrative details | 1 |
| Trustees' report | 2 - 8 |
| Governance statement | 9 – 12 |
| Statement on regularity, propriety and compliance | 13 |
| Trustees' responsibilities statement | 14 |
| Independent auditors' report | 15 - 16 |
| Independent reporting accountant's assurance report on regularity | 17 – 18 |
| Statement of financial activities | 19 |
| Balance sheet | 20 |
| Cash flow statement | 21 |
| Notes to the financial statements | 22 - 42 |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2015

Trustees (Governors)

| | | |
|-----------------------------|----------------------------|---------------------------|
| Mr Mark Cooper (Chair)* | Appointed 01 October 2012 | |
| Mr Keith Pell (Vice Chair)* | Appointed 01 October 2012 | |
| Mrs Herta Morris* | Appointed 01 October 2012 | |
| Mr David Evans* | Appointed 01 October 2012 | |
| Mr Gareth Davies* | Appointed 01 October 2012 | |
| Cllr Christine Bateson | Appointed 01 October 2012 | |
| Dr Gaynor Bradley | Appointed 01 October 2012 | Resigned 15 October 2014 |
| Mr Rob Deacon | Appointed 01 November 2014 | |
| Mrs Ruth Fettes | Appointed 01 October 2013 | Resigned 31 August 2015 |
| Mr Stephen Humphrey | Appointed 01 April 2014 | |
| Miss Zoe Kear | Appointed 01 August 2014 | |
| Mrs Kate Mann | Appointed 01 April 2014 | |
| Mr George Midgley | Appointed 01 October 2012 | Resigned 16 February 2015 |
| Mr Martin Porter QC | Appointed 01 November 2013 | |
| Ms Ellie Wallace | Appointed 01 October 2012 | |
| Mrs Tracy Webster | Appointed 01 April 2013 | |
| Co-Headteachers: | | |
| Mr Martyn Parker | Appointed 01 October 2012 | |
| Mr Richard Pilgrim | Appointed 01 October 2012 | |

***Members**

Company secretary n/a

Senior Management Team:

| | | |
|---------------|-----------------------|---|
| S. Derrick | Deputy Headteacher | |
| S. Harvey | Deputy Headteacher | |
| D. Hartwell | Assistant Headteacher | |
| P. Stephenson | Assistant Headteacher | appointed with effect from 1 September 2014 |
| V. Stroud | Business Manager | |
| S. Cronk | School Manager | |

Principal and registered office

Charters School, Charters Road, Sunningdale, Ascot, SL5 9QY

Company registered number

08208767 (England and Wales)

Independent auditors

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

Lloyds TSB (Windsor), PO Box 1000, BX1 1LT

Solicitors

Veale Wazborough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for students aged 11 to 18 serving a catchment area in Sunningdale, Berkshire. It has a pupil capacity of 1650 and had a roll of 1711 in the census of January 2015 (including 56 students based at Bisham Abbey).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Charters School is an exempt charity and a company limited by guarantee, not having share capital.

The current members of the charitable company are included in the Reference and Administrative Details on page 1.

The principal activity of Charters School is currently to run a senior school for boys and girls located in Sunningdale, Berkshire.

Charters School runs a school that was originally a local authority operated school in Sunningdale, Berkshire that was founded in 1958 and converted to academy status on 1 October 2012. The charitable company was incorporated on 10 September 2012.

Charters School is governed by the rules and regulations set down in its company Memorandum and Articles of Association.

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. The cost of this insurance in the year was £1,875.

The school has taken out a combined insurance policy that includes buildings and contents, and liability insurance covering employees, (including teaching and administrative staff and Trustees), and third party cover arising from negligent acts and errors and omissions where the school has a legal liability. The limit of indemnity for the main liability cover is £25m and for Trustees Indemnity £2m. Other cover included in the policy is for personal accident, travel, legal, business interruption and engineering plant and equipment. The total premium is £54,481.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Method of Recruitment and Appointment or Election of Trustees

The Trustees regularly review the mix of skills they possess. New Trustees will be sought with the aim of improving the skills set of the Board. It is also the intention to draw the great majority of the Governing Body from the local community.

Community Trustees are appointed by the Governing Body. Staff Trustees and Parent Trustees are appointed via an election process of the staff and parents respectively. A Parent Governor must be the parent of a registered pupil(s) of Charters School.

The Governing Body also has the option to appoint up to 3 Co-opted Trustees.

A Trustees' term of office, apart from the Co-Headteachers, shall be 4 years. Any governor may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees meet with the Chair of Trustees to discuss the role of Trustees and the Co-Headteachers to be briefed about the school's aims, purposes and context. Individual Trustees attend training courses and conferences organised by appropriate bodies and the school in order to develop their knowledge and understanding of the governor's role and latest educational developments.

Organisational Structure

The Trustees have responsibility for setting and monitoring the overall strategic direction of the charitable company, approving decisions reserved to Trustees and appointing key members of staff.

The Trustees meet as a Full Governing Body five or six times each year. All decisions reserved to the Trustees are taken by the Full Governing Body as a whole. Governor committees meet four or five times each year to consider detailed matters and recommend decisions to the full board.

The function of all committees is to exercise the delegated powers (as listed under functions) and to report and make recommendations to the Governing Body. There are 3 such committees: Finance & Facilities, Strategic Planning & Staffing, Teaching & Learning.

Related Parties and other Connected Charities and Organisations

One of the Co-Headteachers is a Trustee for the Tirabad Residential Educational Trust. Charters School is represented by a Deputy Headteacher at meetings of the Charters Leisure Centre Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

Charters School's object ("the Object") is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum

Objectives, Strategies and Activities

The school's main targets for 2014-15 were:

- To achieve 'outstanding' value added results at Key Stage 4 and Key Stage 5
- Address the on-going issues of demographic expansion
- Improve the quality of teaching using observation criteria as a measure of success
- Provide pupils with more opportunities to develop essential skills and attributes for employability and life.
- Continue to 'narrow the gap' between Pupil Premium and SEND students and the rest of the cohort
- Strive to achieve the very best value for money during a period of reduced funding and increasing costs.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Objectives, Strategies and Activities (continued)

The Trustees use the following key measures to assess the success of the activities of the charitable company:

- Examination results measured against targets set at the beginning of each academic year and against national benchmarks
- Progress made against the School Development Plan and School Budget
- The School Self-Evaluation Form and annual Senior Leadership Team monitoring programme
- Co-Headteacher reports to Trustees covering the main aspects of school operations.

Public Benefit

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

Benefits and Beneficiaries

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

Trustees' Assessment of Public Benefit

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the **Trustees** gather evidence of the success of Charters School's activities. Set out below is a summary of the achievements:

STRATEGIC REPORT

Achievements and performance

The academic year 2014-15 has seen Charters School continue to perform at an impressive standard in terms of attainment and progress over the entire 11-18 age range.

This year's 'A' level results maintained the high standards of the last few years with 54% of students gaining A*-B including a significant number of students (26%) gaining A*/A grades and 14 successful applications to Oxford and Cambridge Universities in the last three years. This year's results have given our Year 13 cohort the opportunities for their next move whether it be university, work or a 'gap year'.

Charters has established itself over a period of time as one of the best performing state schools in the country when it comes to GCSE results and this year's performance is in line with this successful trend with 81% of Year 11 students obtaining at least 5 GCSEs graded A*-C including both English and Mathematics. This is the third successive year in which we have crossed the 80% mark.

Key Performance Indicators

GAG income per pupil £4,898.

Staff costs as a percentage of total expenditure 70.89%.

Capital expenditure per pupil £358.74.

Other key performance indicators also present a positive picture with attendance figures in the second quintile (top 40% of schools nationally) and fixed/permanent exclusion rates well below the national average. As a result, the school was extremely pleased to be approached by the Good Schools Guide for inclusion following parental recommendations.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Key Performance Indicators (continued)

The school is in a good position due to:

- Five years of improving examination performance
- Financial stability and effective control of resources
- Continuing facilities development and improvements
- Effective leadership at all levels; and
- A strong partnership between the governing body, staff, students, parents and the local community.

Nevertheless, the Trustees and Co-Headteachers are not complacent and to improve further, the following goals have been set:

- Continue to decrease the attainment gap between socially disadvantaged students and the rest of the cohort
- Increase the numbers of students gaining A/A* grades at Key Stage 4 and Key Stage 5
- Secure funding to enable the building of two additional science laboratories and replace the existing temporary mathematics classrooms with a new teaching block.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that Charters School has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

Most of Charters School's income comes from the Educational Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants and the associated expenditure are shown as restricted general funds in the statement of financial activities.

Charters School also receives grants from the EFA for capital expenditure and in accordance with the Charities Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Other sources of income are 'unrestricted' and these are mainly monies collected from parents for learning resources, school trips, outings and other extra-curricular activities. Also included in 'unrestricted' funds are voluntary donations made by parents to support school life, lettings income and surplus cash funds transferred from RBWM at the time of conversion.

Charters School held fund balances at 31 August 2015 of £21,260,000 comprising £(1,980,904) of restricted funds including a pension reserve deficit of £(2,286,000), restricted fixed assets of £22,812,002 and unrestricted funds of £428,902. The Trustees believe the fund balances are adequate to provide sufficient working capital in times of possible future funding turbulence, to provide a cushion to deal with unexpected emergencies and to fulfil the objectives detailed in the School Development Plan.

As detailed in note 23 to the accounts, the Trust has taken on a deficit in the Local Government Pension Scheme. This will result in the school having to make additional contributions in future years. The Trustees believe they will be able to fund this deficit in the coming years.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Reserves Policy

The Trust holds reserves to provide sufficient working capital in times of possible future funding turbulence, to provide a cushion to deal with unexpected emergencies and to fulfil the objectives detailed in the School Development Plan.

Charity Reserves and Defined Benefit Pension Schemes

At 31 August 2015 the total funds comprised:

| | |
|-------------------|-------------|
| Unrestricted | 428,902 |
| Restricted: | |
| Fixed asset funds | 22,812,002 |
| GAG | 21,258 |
| Pension reserve | (2,286,000) |
| Other | 283,838 |
| | <hr/> |
| | 21,260,000 |

Reserves Policy (continued)

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

Investment Policy

The Trustees' investment powers are set down in the Memorandum and Articles of Association which permit the investment of monies of Charters School that are not immediately required for its purposes in such investments as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

Charters School's current policy is to invest surplus funds in short-term cash deposits for fixed periods of no longer than six weeks, although exceptions may occur. Periodically, the management will review interest rates and compare with other investment opportunities. Any change in policy requires the approval of Trustees.

Principal Risks and Uncertainties

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

PLANS FOR FUTURE PERIODS

The future development of Charters School is detailed in the School Development Plan, approved by the Governing Body. In the Plan, there are clear objectives with specific and measurable success criteria laid out. These are evaluated by Trustees regularly.

Charters School has three major strategic intentions set out under the three words – Unity, Respect, Excellence that encapsulate our vision.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

PLANS FOR FUTURE PERIODS (continued)

Unity

The school will be proactive in planning for demographic change.

- We will support vulnerable families within our community including providing access to facilities for private study purposes.
- Alumni – the school will have a well-established and productive alumni programme.
- IAG – every student receives clear, relevant IAG at the appropriate time to enable effective decisions about their future.
- We will strive to allow greater access to our facilities for the local community including building the Multi-Sports Facility.
- Tirabad – the Centre will have a secure financial plan going forward with a wider cross section of the community using the facilities.
- Students will have more opportunities to develop essential skills and attributes for employability and life.
- All members of our community can understand and articulate our common purpose.

Respect

- Students develop physical well-being – 50%+ of our students will participate in at least one sports-related club per week.
- The Environmental Policy will be in place and impacting on key aspects of the school and community.
- The school will further develop its drugs and alcohol awareness programmes.
- We will further develop emotional and physical resilience of students, staff and parents by offering more opportunities to provide peer to peer support.
- The House System will be central to the life of the school.
- The school will be better at valuing achievement and celebrating it.
- We will regularly assess, and where appropriate, embrace developments in communications technology.
- We will provide clear advice and guidance setting out our expectations concerning how pupils should interact with one another, both verbally and via new media.

Excellence

- Academic results – the school continues to set challenging targets and achieves, year on year, strong value-added results within the top 10% - 15% of similar schools nationally.
- We will develop a constantly improving teaching profile with no teaching less than grade 2 and a higher proportion at grade 1.
- More of our students will be successful in local and national competitions.
- Each child, irrespective of ability or background will be enriched by participating in at least one area of non-academic activity.
- We will strive to achieve the very best value for money during a period of reduced funding and increasing costs.
- 'Narrowing the Gap' – Pupil Premium and SEND students will achieve value added results in line with the whole school cohort.
- Visits policy – we will endeavour to maintain opportunities for students to learn outside the classroom.
- Staff and Trustees develop leadership roles in the local and national educational community.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Charters School does not hold cash or assets as a custodian for any third party.

Auditor

MHA, MacIntyre Hudson has been appointed the second auditor to the charitable company and have indicated their willingness to continue in office.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 30 November 2015 and signed on the board's behalf by:



E Wallace
Chair of Trustees



R Pilgrim
Accounting Officer

CHARTERS SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Academy Trust has an established Senior Leadership Team that has instituted a thorough and effective system of internal control measures to ensure the appropriate management of the resources for which we are responsible.

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Charters School has an effective and appropriate system of controls, 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 mis-statement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Co-Headteacher (Richard Pilgrim) 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 Charters School and the Secretary of State for Education. The Co-Headteachers are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The Full Governing Body has formally met 5 times during the twelve month period from 1 September 2014 to 31 August 2015.

Attendance during the year at meetings of the Governing Body was as follows:

| Trustees | | Meetings attended | Out of a possible |
|------------------------|---------------|--------------------------|--------------------------|
| Mr Mark Cooper | (Chair)* | 4 | 5 |
| Mr Keith Pell | (Vice Chair)* | 5 | 5 |
| Mrs Herta Morris* | | 5 | 5 |
| Mr David Evans* | | 5 | 5 |
| Mr Gareth Davies* | | 5 | 5 |
| Cllr Christine Bateson | | 5 | 5 |
| Dr Gaynor Bradley | | 1 | 1 |
| Mr Rob Deacon | | 4 | 4 |
| Mrs Ruth Fettes | | 2 | 5 |
| Mr Stephen Humphrey | | 5 | 5 |
| Miss Zoe Kear | | 4 | 5 |
| Mrs Kate Mann | | 3 | 5 |
| Mr George Midgley | | 1 | 2 |
| Mr Martin Porter | QC | 5 | 5 |
| Ms Ellie Wallace | | 5 | 5 |
| Mrs Tracy Webster | | 3 | 5 |
| Co-Headteachers: | | | |
| Mr Martyn Parker | | 5 | 5 |
| Mr Richard Pilgrim | | 5 | 5 |

The changes to the Governing Body over the reporting time period have seen the election/appointment of 1 new Staff Trustee.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

The Governing Body's major challenges over the period have been embedding the Ofsted framework, maintaining prudent financial control in a challenging economic environment and keeping abreast of discussions about school expansion plans in the local authority and the impact on Charters School.

The Trust activated an impact and effectiveness review of the Board of Trustees at the Full Governing Body meeting in July 2015, following the Strategic Planning Meeting on 5 May 2015. A working party was formed at the Full Governing Meeting. The results of this review are to be reported at the Full Governing Body Meeting on 30 November 2015 with actions to be undertaken following this presentation. Interviews have been conducted with Brackenhale and Edgebarrow Schools' Chair of Governors to provide external benchmarking, and various interviews have been undertaken with Governors, Teachers, Headteachers, parents and the completing of the NGA Skills Assessment. Reference has been made to the Wellcome Foundation/NGA Guidance on undertaking an Effective Governance Review. A further review is scheduled in June 2016 with regular reporting in Committee meetings of the value the meeting has added to the school's vision and performance.

The Finance and Facilities Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the governing Body's responsibility to ensure sound management of Charters School's finances and resources, including proper planning, monitoring and probity and to make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

Attendance at Finance and Facilities meetings during the twelve month period from 1 September 2014 to 31 August 2015 was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------------------------|-------------------|-------------------|
| David Evans (Chair) | 5 | 5 |
| Keith Pell, Vice-Chair of Trustees | 5 | 5 |
| Cllr Christine Bateson | 3 | 5 |
| Rob Deacon | 4 | 4 |
| Ruth Fettes | 3 | 5 |
| Herta Morris | 5 | 5 |
| Ellie Wallace | 4 | 5 |

REVIEW OF VALUE FOR MONEY

As Accounting Officer, I have set out below how Charters School has ensured that the academy trust's use of its resources has provided efficient educational outcomes for the funding invested by the taxpayer.

In the last financial period, Charters has continued to take a wide range of steps, linked to its Development Plan, to sustain the Academy's recent excellent performance as measured by outcomes for students. A relentless focus on the quality of teaching and support for the core subjects of English and mathematics has resulted in over 91% of Year 11 students obtaining at least a C grade in GCSE Mathematics and 87% in English. At Key Stage 4 and 5 outcomes have been significantly above national averages both in terms of attainment and progress. Our most able students continue to flourish via our Aspiring High programme with 14 successful applications to Oxford and Cambridge Universities in the last 3 years.

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 Charters School's 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 at Charters School for the period ended 31 August 2015 and up to the date of approval of the Trustees' annual report and financial statements.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

The academy has continued to reduce course and staffing levels in line with increasing costs and reduced levels of Post-16 funding. It has also rationalised some leadership posts to distribute tasks more efficiently. We expect to continue to make significant changes to our course offers where economic viability is marginal.

Careful analysis of the performance of students in receipt of the Pupil Premium has led to more effective planning of their financial support. Outcomes for these students are consistently good in comparison with non-pupil premium students nationally.

The fabric of the site and buildings has benefited from successful CIF bids to redevelop the schools Learning Support Centre for our disabled students as well as a substantial grant to replace the roof on the main hall and adjacent buildings. We have also resubmitted a bid to replace the school's main boilers which has been approved and will, together with a Salix loan, give the academy significant savings in fuel costs.

Finally, the academy has appointed a Development Team for a trial period in order to grow links with our Alumni and to find opportunities to bid for funding from grant making trusts to support the work of the academy in the next few years.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which Charters School 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 on-going process for identifying, evaluating and managing Charters School's significant risks that has been in place for the twelve month period ended 31 August 2015 and up to the date of approval of the Trustees' annual report and financial statements. This process is regularly reviewed by the Board of Trustees

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes Committee of reports which compare 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 to appoint an Audit Committee.

The Audit Committee's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the Audit Committee 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.

The Internal Audit Committee met after the end of the 2014-2015 academic year to consider the financial and operational robustness of the school's financial accounting and operational risk processes.

After a review of the school's operational risk mandate and a testing of the sign off process regarding payments, the Audit Committee was satisfied that processes and policies were being adhered to.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 financial management and governance self-assessment process and
- The work of the Senior Leadership Team within Charters School who have responsibility for the development and maintenance of the internal control framework
- The work of the external auditor.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 30 November 2015 and signed on its behalf by:



E Wallace
Chair of Trustees



R Pilgrim
Accounting Officer

CHARTERS SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2015

As Accounting Officer of Charters Academy Trust, I have considered my responsibility to notify the Charters School Trust Governing Body 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 Charters School Trust and the Secretary of State. As my part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Charters School Trust Governing Body are able to identify any irregular or improper use of funds by the Charters School Trust, or material non-compliance with the terms and conditions of funding under the Charters School Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instance of material irregular, 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



R Pilgrim
Accounting Officer

30 November 2015

CHARTERS SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who act as governors of Charters 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 2005;
- make judgments 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 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 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 30 November 2015 and signed on its behalf by:



E Wallace
Chair of Trustees

CHARTERS SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTERS SCHOOL

We have audited the financial statements of Charters School for the year ended 31 August 2015 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) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy'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 academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 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.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTERS 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
- 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.

MHA MacIntyre Hudson

Bianca Silva ACA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: *17 December 2015*

CHARTERS SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHARTERS SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 10 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Charters School during the year 1 September 2014 to 31 August 2015 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 Charters School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Charters School and 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 Charters School and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF CHARTERS SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Charters School's funding agreement with the Secretary of State for Education dated 20 October 2011, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

CHARTERS SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHARTERS SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- making enquiries of the Accounting Officer.

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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: *17 December 2015*

CHARTERS SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

| | Note | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Restricted fixed asset funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|---|----------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOMING RESOURCES | | | | | | |
| From generated funds: | | | | | | |
| Voluntary income | 2 | 16,586 | 10,440 | 131,063 | 158,089 | 11,146 |
| Activities for generating funds | 3 | 662,074 | - | - | 662,074 | 473,159 |
| Investment income | 4 | 5,627 | - | - | 5,627 | 8,169 |
| Charitable activities | 5 | 231,575 | 8,831,914 | 398,760 | 9,462,249 | 9,224,252 |
| TOTAL INCOMING RESOURCES | | 915,862 | 8,842,354 | 529,823 | 10,288,039 | 9,716,726 |
| RESOURCES EXPENDED | | | | | | |
| Costs of generating funds: | | | | | | |
| Fundraising expenses | | 533,589 | - | - | 533,589 | 378,126 |
| Charitable activities | 7 | 283,308 | 9,081,036 | 768,956 | 10,133,300 | 9,883,525 |
| Governance costs | 8 | - | 21,391 | - | 21,391 | 16,962 |
| TOTAL RESOURCES EXPENDED | 6 | 816,897 | 9,102,427 | 768,956 | 10,688,280 | 10,278,613 |
| NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS | | 98,965 | (260,073) | (239,133) | (400,241) | (561,887) |
| Transfers between Funds | 18 | (134,268) | 27,096 | 107,172 | - | - |
| NET INCOME / (EXPENDITURE) FOR YEAR | | (35,303) | (232,977) | (131,961) | (400,241) | (561,887) |
| Actuarial gains and losses on defined benefit pension schemes | | - | 35,000 | - | 35,000 | 270,000 |
| NET MOVEMENT IN FUNDS FOR YEAR | | (35,303) | (197,977) | (131,961) | (365,241) | (291,887) |
| Total funds 1 September 2014 | | 464,205 | (1,782,927) | 22,943,963 | 21,625,241 | 21,917,128 |
| TOTAL FUNDS AT 31 AUGUST 2015 | | 428,902 | (1,980,904) | 22,812,002 | 21,260,000 | 21,625,241 |

All of the activities derive from continuing operations during the above two financial periods.
The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes on pages 22 to 42 form part of these financial statements.

CHARTERS SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08208767

BALANCE SHEET
AS AT 31 AUGUST 2015

| | Note | £ | 2015 £ | £ | 2014 £ |
|---|------|--------------------|--------------------------|--------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 22,377,073 | | 22,401,155 |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 41,631 | | 40,453 | |
| Debtors | 16 | 193,288 | | 185,121 | |
| Cash at bank | | 1,353,122 | | 1,544,286 | |
| | | <u>1,588,041</u> | | <u>1,769,860</u> | |
| CREDITORS: amounts falling due within one year | 17 | (419,114) | | (445,774) | |
| NET CURRENT ASSETS | | | <u>1,168,927</u> | | <u>1,324,086</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>23,546,000</u> | | <u>23,725,241</u> |
| Defined benefit pension scheme liability | 23 | | <u>(2,286,000)</u> | | <u>(2,100,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | | <u><u>21,260,000</u></u> | | <u><u>21,625,241</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 18 | 305,096 | | 317,073 | |
| Restricted fixed asset funds | 18 | 22,812,002 | | 22,943,963 | |
| Restricted funds excluding pension liability | | <u>23,117,098</u> | | <u>23,261,036</u> | |
| Pension reserve | | <u>(2,286,000)</u> | | <u>(2,100,000)</u> | |
| Total restricted funds | | | <u>20,831,098</u> | | <u>21,161,036</u> |
| Unrestricted funds | 18 | | <u>428,902</u> | | <u>464,205</u> |
| TOTAL FUNDS | | | <u><u>21,260,000</u></u> | | <u><u>21,625,241</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 30 November 2015 and are signed on their behalf, by:



E Wallace
Chair of Trustees

The notes on pages 22 to 42 form part of these financial statements.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

| | Note | 2015 £ | 2014 £ |
|---|-------------|-------------------|-------------------|
| Net cash flow from operating activities | 20 | 78,393 | 135,546 |
| Returns on investments and servicing of finance | 21 | 5,627 | 8,169 |
| Capital expenditure and financial investment | 21 | (275,184) | 110,055 |
| (DECREASE)/INCREASE IN CASH IN THE YEAR | | (191,164) | 253,770 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

| | 2015 £ | 2014 £ |
|--|-------------------|-------------------|
| (Decrease)/Increase in cash in the year | (191,164) | 253,770 |
| MOVEMENT IN NET FUNDS IN THE YEAR | (191,164) | 253,770 |
| Net funds at 1 September 2014 | 1,544,286 | 1,290,516 |
| NET FUNDS AT 31 AUGUST 2015 | 1,353,122 | 1,544,286 |

The notes on pages 22 to 42 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £3,000 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

The cost of tangible fixed assets transferred on conversion to Academy Trust status is stated as follows:

- land and buildings at their depreciated replacement cost based on a professional valuation;
- other assets at their depreciated value as at the date of conversion.

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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Depreciation is provided on all tangible fixed assets other than freehold land, 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:

| | |
|--|------------------|
| Long leasehold land and buildings - | Life of Lease |
| Buildings and building modifications - | 50 years on cost |
| Furniture, fittings and equipment - | 10 years on cost |
| Motor vehicles - | 5 years on cost |
| Computer equipment - | 3 years on cost |

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 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.

1.10 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

2. VOLUNTARY INCOME

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 16,586 | 10,440 | 27,026 | 11,146 |
| Donated assets | - | 131,063 | 131,063 | - |
| | <u>16,586</u> | <u>141,503</u> | <u>158,089</u> | <u>11,146</u> |
| Voluntary income | <u>16,586</u> | <u>141,503</u> | <u>158,089</u> | <u>11,146</u> |

The donated assets represents a building to be used as a Gym.

3. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|---------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Rental income | 19,919 | - | 19,919 | 12,985 |
| School visit income | 506,055 | - | 506,055 | 408,339 |
| School shop | 21,336 | - | 21,336 | 8,819 |
| Other income | 114,764 | - | 114,764 | 43,016 |
| | <u>662,074</u> | <u>-</u> | <u>662,074</u> | <u>473,159</u> |

4. INVESTMENT INCOME

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|--------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest receivable | 5,627 | - | 5,627 | 8,169 |
| | <u>5,627</u> | <u>-</u> | <u>5,627</u> | <u>8,169</u> |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA revenue grants | | | | |
| General annual grant (GAG) | - | 8,380,244 | 8,380,244 | 8,396,750 |
| Pupil premium | - | 132,945 | 132,945 | 122,010 |
| Devolved formula capital | - | 35,849 | 35,849 | 32,401 |
| Other DfE/EFA revenue grants | - | 39,346 | 39,346 | 37,819 |
| Capital grants | - | 469,690 | 469,690 | 235,845 |
| | - | 9,058,074 | 9,058,074 | 8,824,825 |
| Other government grants | | | | |
| Other LA grants | - | 14,607 | 14,607 | 35,465 |
| Local Authority SEN income | - | 157,993 | 157,993 | 200,009 |
| | - | 172,600 | 172,600 | 235,474 |
| Other funding | | | | |
| Other income | 231,575 | - | 231,575 | 163,953 |
| | 231,575 | - | 231,575 | 163,953 |
| | 231,575 | 9,230,674 | 9,462,249 | 9,224,252 |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

6. RESOURCES EXPENDED

| | Staff costs | Non Pay Premises | Expenditure Other costs | Total | Total |
|----------------------------------|------------------|------------------|-------------------------|-------------------|-------------------|
| | 2015 £ | 2015 £ | 2015 £ | 2015 £ | 2014 £ |
| Fundraising expenses | - | - | 533,589 | 533,589 | 378,126 |
| Costs of generating funds | - | - | 533,589 | 533,589 | 378,126 |
| Direct costs | 6,489,064 | - | 710,201 | 7,199,265 | 7,299,856 |
| Support costs | 1,088,074 | 1,217,922 | 628,039 | 2,934,035 | 2,583,669 |
| Charitable activities | 7,577,138 | 1,217,922 | 1,338,240 | 10,133,300 | 9,883,525 |
| Governance | - | - | 21,391 | 21,391 | 16,962 |
| | 7,577,138 | 1,217,922 | 1,893,220 | 10,688,280 | 10,278,613 |

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

| | Total £ | Individual items above £5,000 | |
|---------------------------|---------|-------------------------------|--------|
| | | Amount £ | Reason |
| Gifts made by the academy | 122 | - | N/A |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

7. CHARITABLE ACTIVITIES

| | Total funds 2015 £ | Total funds 2014 £ |
|---|---------------------------------------|---------------------------------------|
| DIRECT COSTS - EDUCATIONAL OPERATIONS | | |
| Teaching and educational support staff costs | 6,489,064 | 6,470,554 |
| Educational supplies | 80,745 | 204,394 |
| Examination fees | 192,801 | 190,763 |
| Staff development | 19,847 | 21,570 |
| Educational consultancy | 322,227 | 264,569 |
| Other direct costs | 94,581 | 148,006 |
| | 7,199,265 | 7,299,856 |
| SUPPORT COSTS - EDUCATIONAL OPERATIONS | | |
| Support staff costs | 1,088,074 | 987,991 |
| Depreciation | 768,956 | 763,908 |
| Pension finance cost | 52,000 | 98,000 |
| Technology costs | 101,518 | 109,595 |
| Recruitment and support | 18,090 | 19,214 |
| Maintenance of premises and equipment | 281,964 | 124,709 |
| Cleaning | 19,409 | 18,295 |
| Rent and rates | 43,886 | 31,929 |
| Energy costs | 117,202 | 129,269 |
| Insurance | 75,652 | 68,983 |
| Security and transport | 41,002 | 35,080 |
| Catering | 13,185 | 18,871 |
| Bank interest and charges | 742 | 755 |
| Other support costs | 312,355 | 177,070 |
| | 2,934,035 | 2,583,669 |
| | 10,133,300 | 9,883,525 |

8. GOVERNANCE COSTS

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|------------------|--|--|---------------------------------------|---------------------------------------|
| Audit fees | - | 9,500 | 9,500 | 10,200 |
| Accountancy fees | - | 7,685 | 7,685 | 5,324 |
| Staff costs | - | 4,206 | 4,206 | 1,438 |
| | - | 21,391 | 21,391 | 16,962 |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

| | 2015 £ | 2014 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 768,956 | 763,908 |
| Auditors' remuneration | 9,500 | 10,200 |
| Auditors' remuneration - non-audit | 7,685 | 3,450 |
| Operating leases - equipment | 16,233 | 15,697 |
| | <u>792,374</u> | <u>793,255</u> |

10. STAFF

a. Staff costs

Staff costs were as follows:

| | 2015 £ | 2014 £ |
|-------------------------------|------------------|------------------|
| Wages and salaries | 6,010,626 | 6,036,276 |
| Social security costs | 464,012 | 445,669 |
| Other pension costs (Note 23) | 985,522 | 976,600 |
| | <u>7,460,160</u> | <u>7,458,545</u> |
| Supply teacher costs | 107,478 | 11,063 |
| Staff restructuring costs | 9,500 | - |
| | <u>7,577,138</u> | <u>7,469,608</u> |

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £9,500 (2014: £nil). The payment related to one individual.

c. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

| | 2015 No. | 2014 No. |
|----------------------------|-------------|-------------|
| Teaching | 112 | 119 |
| Administration and support | 73 | 71 |
| Management | 8 | 8 |
| | <u>193</u> | <u>198</u> |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

10. STAFF (continued)

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

| | 2015 No. | 2014 No. |
|--------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 0 | 2 |
| In the band £70,001 - £80,000 | 2 | 0 |
| In the band £90,001 - £100,000 | 2 | 2 |

Four (2014: four) of the above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2015 pension contributions for these staff amounted to £47,432 (2014: £45,338).

11. 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:

| | 2015 £ | 2014 £ |
|--|----------------|---------------|
| R J Pilgrim (Co-Headteacher and trustee) | 95,000-100,000 | 90,000-95,000 |
| (Employer's pension contributions) | 10,000-15,000 | 10,000-15,000 |
| M Parker (Co-Headteacher and trustee) | 95,000-100,000 | 90,000-95,000 |
| (Employer's pension contributions) | 10,000-15,000 | 10,000-15,000 |
| R Deacon (staff trustee) | 50,000-55,000 | Nil |
| (Employer's pension contributions) | 5,000-10,000 | Nil |
| Z Kear (staff trustee) | 40,000-45,000 | 35,000-40,000 |
| (Employer's pension contributions) | 5,000-10,000 | 5,000-10,000 |
| R Fettes (staff trustee) | 10,000-15,000 | 5,000-10,000 |
| (Employer's pension contributions) | 0-5,000 | 0-5,000 |
| G Bradley (staff trustee) | 0-5,000 | 55,000-60,000 |
| (Employer's pension contributions) | 0-5,000 | 5,000-10,000 |
| M Dakers (staff trustee) | Nil | 35,000-40,000 |
| (Employer's pension contributions) | Nil | 5,000-10,000 |

During the year ended 31 August 2015, various expenses totalling £250 (2014: £NIL) were reimbursed or paid directly to 4 trustees (2014 - NIL trustees).

CHARTERS SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,875 (2014 - £1,700). The cost of this insurance is included in the total insurance cost.

13. PENSION FINANCE COSTS

| | 2015 £ | 2014 £ |
|--|-----------------|-----------------|
| Expected return on pension scheme assets | 97,000 | 58,000 |
| Interest on pension scheme liabilities | (149,000) | (156,000) |
| | <u>(52,000)</u> | <u>(98,000)</u> |

14. TANGIBLE FIXED ASSETS

| | Long leasehold land and buildings £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|-----------------------|---|---|------------------------|-------------------|
| Cost | | | | |
| At 1 September 2014 | 23,541,124 | 306,346 | 30,025 | 23,877,495 |
| Additions | 672,273 | 72,601 | - | 744,874 |
| At 31 August 2015 | <u>24,213,397</u> | <u>378,947</u> | <u>30,025</u> | <u>24,622,369</u> |
| Depreciation | | | | |
| At 1 September 2014 | 1,327,788 | 125,712 | 22,840 | 1,476,340 |
| Charge for the year | 698,225 | 68,649 | 2,082 | 768,956 |
| At 31 August 2015 | <u>2,026,013</u> | <u>194,361</u> | <u>24,922</u> | <u>2,245,296</u> |
| Net book value | | | | |
| At 31 August 2015 | <u>22,187,384</u> | <u>184,586</u> | <u>5,103</u> | <u>22,377,073</u> |
| At 31 August 2014 | <u>22,213,336</u> | <u>180,634</u> | <u>7,185</u> | <u>22,401,155</u> |

The academy's transactions relating to land and buildings include:

- replacement of flat roofs at a value of £541,210.
- acquisition of a building used as a gym at a value of £131,063.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. STOCKS

| | 2015 £ | 2014 £ |
|-------------------------|---------------|---------------|
| Clothing and stationery | <u>41,631</u> | <u>40,453</u> |

16. DEBTORS

| | 2015 £ | 2014 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 10,343 | 36,746 |
| Prepayments and accrued income | 103,956 | 74,755 |
| VAT recoverable | 78,989 | 73,620 |
| | <u>193,288</u> | <u>185,121</u> |

17. CREDITORS:
Amounts falling due within one year

| | 2015 £ | 2014 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 130,979 | 156,756 |
| Other taxation and social security | 133,113 | 123,472 |
| Accruals and deferred income | 155,022 | 165,546 |
| | <u>419,114</u> | <u>445,774</u> |

Deferred income

| | |
|--------------------------------------|------------------|
| Deferred income at 1 September 2014 | 110,155 |
| Resources deferred during the year | 55,234 |
| Amounts released from previous years | <u>(110,155)</u> |
| Deferred income at 31 August 2015 | <u>55,234</u> |

At the balance sheet date the trust was holding funds received in advance for school trips.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 464,205 | 915,862 | (816,897) | (134,268) | - | 428,902 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 4,946 | 8,386,137 | (8,396,921) | 27,096 | - | 21,258 |
| Other DfE/EFA revenue grants | 49,183 | 273,177 | (304,592) | - | - | 17,768 |
| Other Local Authority Grants | 262,944 | 172,600 | (170,616) | - | - | 264,928 |
| Other income | - | 10,440 | (9,298) | - | - | 1,142 |
| Pension reserve | (2,100,000) | - | (221,000) | - | 35,000 | (2,286,000) |
| | (1,782,927) | 8,842,354 | (9,102,427) | 27,096 | 35,000 | (1,980,904) |
| Restricted fixed asset funds | | | | | | |
| Inherited fixed assets | 22,177,097 | 131,063 | (715,489) | 107,172 | - | 21,699,843 |
| Capital expenditure from GAG | 200,013 | - | (53,467) | - | - | 146,546 |
| EFA/DfE grants | 566,853 | 398,760 | - | - | - | 965,613 |
| | 22,943,963 | 529,823 | (768,956) | 107,172 | - | 22,812,002 |
| Total restricted funds | 21,161,036 | 9,372,177 | (9,871,383) | 134,268 | 35,000 | 20,831,098 |
| Total of funds | 21,625,241 | 10,288,039 | (10,688,280) | - | 35,000 | 21,260,000 |

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

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 2015.

The local authority restricted fund represents other funding received from the local government received in relation to specific purposes such as SEN funding.

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS (continued)

The LGPS deficit fund represents the separately identifiable pension scheme deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The inherited fixed asset fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the freehold and long leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The DfE/EFA capital grant fund relates to restricted devolved capital income awarded to the academy and the relevant restricted expenditure recorded against this.

All general funds are held for the purposes of education in line with the Academy's objectives.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Restricted fixed asset funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 22,377,073 | 22,377,073 | 22,401,155 |
| Current assets | 428,902 | 724,210 | 434,929 | 1,588,041 | 1,769,860 |
| Creditors due within one year | - | (419,114) | - | (419,114) | (445,774) |
| Pension scheme liability | - | (2,286,000) | - | (2,286,000) | (2,100,000) |
| | <u>428,902</u> | <u>(1,980,904)</u> | <u>22,812,002</u> | <u>21,260,000</u> | <u>21,625,241</u> |

20. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2015 £ | 2014 £ |
|---|---------------|----------------|
| Net incoming/(outgoing) resources before revaluations | (400,241) | (561,887) |
| Returns on investments and servicing of finance | (5,627) | (8,169) |
| Depreciation of tangible fixed assets | 768,956 | 763,908 |
| Capital grants from DfE | (469,690) | (268,246) |
| (Increase)/decrease in stocks | (1,178) | 517 |
| Increase in debtors | (8,167) | (65,012) |
| (Decrease)/increase in creditors | (26,660) | 25,435 |
| FRS 17 adjustments | 221,000 | 249,000 |
| Net cash inflow from operations | <u>78,393</u> | <u>135,546</u> |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2015 £ | 2014 £ |
|--|------------------|----------------|
| Returns on investments and servicing of finance | | |
| Interest received | 5,627 | 8,169 |
| | <u>5,627</u> | <u>8,169</u> |
| | 2015 £ | 2014 £ |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (744,874) | (158,191) |
| Capital grants from DfE | 469,690 | 268,246 |
| | <u>(275,184)</u> | <u>110,055</u> |
| Net cash (outflow)/inflow capital expenditure | <u>(275,184)</u> | <u>110,055</u> |

22. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2014 £ | Cash flow £ | Other non-cash changes £ | 31 August 2015 £ |
|---------------------------|-----------------------------|------------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | 1,544,286 | (191,164) | - | 1,353,122 |
| Net funds | <u>1,544,286</u> | <u>(191,164)</u> | <u>-</u> | <u>1,353,122</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. 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 Royal County of Berkshire. Both are 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 of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £618,139 (2014: £628,604).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2015 was £271,000, of which employer's contributions totalled £198,000 and employees' contributions totalled £73,000. The agreed contribution rates for future years are 16.6% for employers and range between 5.5% and 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's share of the assets and liabilities in the scheme and the expected rates of return were:

| | Expected return at 31 August 2015 % | Fair value at 31 August 2015 £ | Expected return at 31 August 2014 % | Fair value at 31 August 2014 £ |
|-------------------------------------|--|---|--|---|
| Equities | 7.10 | 815,000 | 6.70 | 644,000 |
| Bonds | 3.40 | 229,000 | 3.60 | 224,000 |
| Property | 6.00 | 244,000 | 5.90 | 184,000 |
| Gilts | 2.60 | 24,000 | 3.00 | 17,000 |
| Cash | 2.30 | 89,000 | 2.90 | 51,000 |
| Alternative assets and other | 4.78 | 401,000 | 4.98 | 394,000 |
| Total market value of assets | | 1,802,000 | | 1,514,000 |
| Present value of scheme liabilities | | (4,088,000) | | (3,614,000) |
| Deficit in the scheme | | (2,286,000) | | (2,100,000) |

For the year to 31 August 2015, the expected return was 5.9% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015.

The actual return on scheme assets was £38,000 (2014: £107,000).

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance Sheet are as follows:

| | 2015 £ | 2014 £ |
|-------------------------------------|-------------|-------------|
| Present value of funded obligations | (4,088,000) | (3,614,000) |
| Fair value of scheme assets | 1,802,000 | 1,514,000 |
| | <hr/> | <hr/> |
| Net liability | (2,286,000) | (2,100,000) |
| | <hr/> | <hr/> |

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

| | 2015 £ | 2014 £ |
|----------------------------------|-----------|-----------|
| Current service cost | (367,000) | (350,000) |
| Interest on obligation | (149,000) | (156,000) |
| Expected return on scheme assets | 97,000 | 58,000 |
| | <hr/> | <hr/> |
| Total | (419,000) | (448,000) |
| | <hr/> | <hr/> |

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

| | 2015 £ | 2014 £ |
|--------------------------------------|-----------|-----------|
| Opening defined benefit obligation | 3,614,000 | 3,107,000 |
| Current service cost | 367,000 | 350,000 |
| Interest cost | 149,000 | 156,000 |
| Contributions by scheme participants | 73,000 | 72,000 |
| Actuarial (gains)/losses | (94,000) | (70,000) |
| Benefits paid | (21,000) | (1,000) |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 4,088,000 | 3,614,000 |
| | <hr/> | <hr/> |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. PENSION COMMITMENTS (continued)

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

| | 2015 £ | 2014 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 1,514,000 | 986,000 |
| Expected return on assets | 97,000 | 58,000 |
| Actuarial gains and (losses) | (59,000) | 200,000 |
| Contributions by employer | 198,000 | 199,000 |
| Contributions by employees | 73,000 | 72,000 |
| Benefits paid | (21,000) | (1,000) |
| | <u>1,802,000</u> | <u>1,514,000</u> |

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £(255,000) (2014 - £(290,000)).

The academy expects to contribute £211,000 to its Defined Benefit Pension Scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | 2015 | 2014 |
|-------------------------|---------|---------|
| Equities | 45.00 % | 43.00 % |
| Gilts | 1.00 % | 1.00 % |
| Other bonds | 13.00 % | 15.00 % |
| Property | 14.00 % | 12.00 % |
| Cash | 5.00 % | 3.00 % |
| Target return portfolio | 18.00 % | 17.00 % |
| Commodities | 4.00 % | 9.00 % |
| Infrastructure | 4.00 % | 4.00 % |
| Longevity insurance | (4.00)% | (4.00)% |

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | 2015 | 2014 |
|--|--------|--------|
| Discount rate for scheme liabilities | 4.00 % | 3.90 % |
| Rate of increase in salaries | 4.50 % | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.70 % | 2.70 % |
| Inflation assumption (CPI) | 2.70 % | 2.70 % |
| RPI Increases | 3.60 % | 3.50 % |

CHARTERS SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. 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:

| | 2015 | 2014 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.8 | 22.7 |
| Females | 26.1 | 26.0 |
| Retiring in 20 years | | |
| Males | 25.1 | 24.9 |
| Females | 28.4 | 28.3 |

Amounts for the current and previous periods are as follows:

Defined benefit pension schemes

| | 2015 £ | 2014 £ | 2013 £ | 2012 £ |
|--|-------------|-------------|-------------|-------------|
| Defined benefit obligation | (4,088,000) | (3,614,000) | (3,107,000) | (2,103,000) |
| Scheme assets | 1,802,000 | 1,514,000 | 986,000 | 674,000 |
| Deficit | (2,286,000) | (2,100,000) | (2,121,000) | (1,429,000) |
| Experience adjustments on scheme liabilities | - | 115,000 | - | - |
| Experience adjustments on scheme assets | (59,000) | 200,000 | 29,000 | - |

24. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|-----------------------|--------------------|-----------|-----------|-----------|
| | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| Expiry date: | | | | |
| Within 1 year | - | - | 9,837 | - |
| Between 2 and 5 years | - | - | 5,861 | 15,697 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

25. 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 a trustee 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 transactions took place in the period with Tirabad Residential Educational Trust, a charitable trust in which R Pilgrim is a trustee by virtue of his position as head master of Charters School.

Tirabad Residential Educational Trust invoiced the academy £125,781 (2014: £99,603) in relation to students visiting the site. This cost was primarily met through parental contributions.

Members of Charters School staff assist with the administration of the Tirabad Residential Educational Trust. The total cost relating to this support was £6,460 (2014: £6,391), which is reimbursed by the Tirabad Residential Educational Trust in full. The academy also finances a minibus for use on Tirabad Residential Educational Trust business, the lease cost for this minibus was £6,452 (2014: £4,937). Again, these costs are reimbursed in full by the Tirabad Residential Educational Trust. At the year end there were no amounts outstanding (2014: no amounts outstanding).

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



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