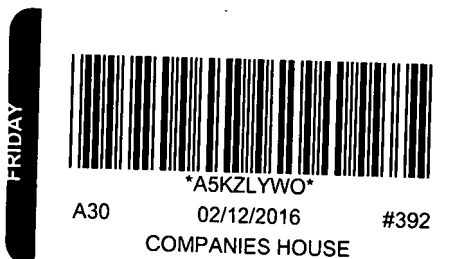


CHEAM ACADEMIES NETWORK
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016



CHEAM ACADEMIES NETWORK

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CHEAM ACADEMIES NETWORK

REFERENCE AND ADMINISTRATIVE DETAILS

Directors (Trustees)

Rosemary Satchell (Chairman) *#
Rebecca Allott (Executive Principal and Accounting Officer) *
Richard Beer *#
Jane Etheridge (appointed 24/11/15)
Brian Goldie *# (appointed 24/11/15)
Richard Kerslake *# (Vice Chairman, resigned 31/8/16)
Susan Lyden (appointed 24/11/15)
Barbara Rayment (appointed 24/11/15)

*member of the Finance Committee

member of the Audit Committee

Governors – Cheam High School

Lola Aladeshelu
Rebecca Allott (Head Teacher and Accounting Officer)
Richard Beer
Adrian Cowdry (resigned 22/9/15)
Sarah Devonport
Jane Etheridge (Vice Chairman 14/9/15 to 11/9/16; Chairman effective 12/9/16)
Debra Gent (resigned 31/8/16)
Brian Goldie
Katherine Joyce (appointed 8/10/15)
Richard Kerslake (Vice Chairman to 13/9/15 – resigned 31/8/16)
Victoria Lee (term of office ended 17/3/16)
Susan Lyden (re-appointed for 4-year term 20/10/15)
Peter Naudi (appointed 12/9/16)
Shiraz Oshidar (resigned 11/01/16)
Barbara Rayment (Vice Chairman effective 12/9/16)
Fenice Roberts (term of office ended 8/12/16)
Roger Roberts
Rosemary Satchell (Chairman to 11/9/16)
Daniel Smith (appointed 8/10/15)
Natalie Stapleton
Catherine Voysey

Members

Dr Rosemary Satchell
Richard Kerslake
Richard Beer
Emma Bradshaw (appointed 1/9/16)
Nigel Griffiths (appointed 1/9/16)

Senior leadership and management team – Cheam High School & Trust

- Head Teacher/Executive Principal	Rebecca Allott
- Deputy Head/Associate Head Teacher	Peter Naudi
- Deputy Head	Lucy Macdonald (resigned 31/8/16)
- Deputy Head	Liam Stevens (appointed 1/9/16)
- Deputy Head	Peter Vosper (appointed 1/9/16)
- Assistant Head	Elaine Leitch
- Assistant Head	Edward Oswick
- Assistant Head	Naomi McLaughlin
- Assistant Head	Maire McLeish
- Assistant Head	Nikki Cahillane
- Assistant Head	Frankie Teague (appointed 1/9/16)
- Bursar	Robert Jordan

Company Secretary

Robert Jordan

CHEAM ACADEMIES NETWORK

REFERENCE AND ADMINISTRATIVE DETAILS

Company registration number 07588097 (England and Wales)

Registered office Chatsworth Road
Cheam
Surrey
SM3 8PW
United Kingdom

Independent auditor Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Bankers HSBC Bank PLC
9 Wellesley Road
Croydon
Surrey
CR9 2AA

Lloyds Commercial
95 George Street
Croydon
Surrey
CR9 2NS

Solicitors Winckworth Sherwood LLP
Minerva House
5 Montagu Close
London
SE1 9BB

CHEAM ACADEMIES NETWORK

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (Trustees) present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law. The principal activity of the company is the operation of a state-funded Academy, Cheam High School, providing a state education for students aged 11 to 19. It had a roll of 1983 students in the school census taken in May 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2015/16 issued by the EFA.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The company is legally empowered to operate more than one academy. However, the company has continued to operate Cheam High School as the sole academy within the Trust.

The Trustees are the Directors for the purposes of company law.

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

Members' liability

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

Method of recruitment and appointment or election of Members and Trustees

In accordance with the articles of association, the Members of the charitable company are;

- a) the signatories to the memorandum who shall be the initial members;
- b) thereafter the chairman of the trustees, and the chairman of the Finance and Audit committee are also members;
- c) the members may appoint such additional members as they think fit.

In accordance with the articles of association, the Trustees (Directors) are;

- a) the initial Trustees;
- b) the Executive Principal;
- c) such executive Trustees as may be appointed by the Trustees to act on their behalf with executive powers;
- d) additional Trustees may be appointed by the Trustees;
- e) up to two academy Trustees, being drawn from the chairmen of governors of local governing bodies of academies within the trust;

CHEAM ACADEMIES NETWORK

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

Policies and procedures adopted for the induction and training of Trustees and of Governors

The training and induction provided for new Trustees and of Governors serving on local governing bodies will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All Trustees and Governors are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as Trustees or Governors. The Academy also purchases a Governor training scheme run by the Local Authority.

Organisational structure

Cheam High School is part of the Cheam Academies Network, a Multi-Academy Trust. The Trust employs the staff, owns the site and holds overall responsibility for the finances of the Trust. The Trustees are also responsible for the appointment and performance of the Headteacher of the school.

Day to day management of the Trust is undertaken by the Headteacher who also holds the role of Executive Principal, supported by the Leadership Team. The Headteacher/Executive Principal is the Accounting Officer and the Bursar is the Principal Finance Officer.

After the establishment of the Cheam Academies Network (CAN) in March 2015, a Local Governing Body (LGB) was established to govern the local affairs of Cheam High School which was the sole academy within the new CAN. The LGB assumed the work of several of the previous Cheam High School committees including Finance, Premises, and Curriculum. The Governors of the LGB are listed in the Administrative section on page 1.

The LGB reports on the operations of the school to the CAN Board. The Board members (Directors) are listed in the Administrative section on page 1. They are also known as Trustees. Directors are accountable for the overall performance of the company across all its different parts. They also have to ensure accounts are produced each year, comply with Company and Charity Law and are legally accountable. The Directors will take an overview of the performance and standards of the company; make strategic decisions for the company such as the expansion of the company; be responsible for overall estate management and for staffing terms and conditions; approve any Trust policies and agree the Scheme of Delegation that confers powers to any school's Local Governing Body. They are also responsible for the appointment of the Executive Principal and the Headteachers of schools within the Company.

The Local Governing Body (LGB) of Cheam High School has formally met 12 times during the year. Attendance at meetings was as follows:

Governors	Meetings attended	Out of possible
Rosemary Satchell (Chairman)	12	12
Lola Aladeshelu	7	12
Rebecca Allott	12	12
Adrian Cowdry	0	1
Richard Beer	8	12
Sarah Devonport	4	12
Jane Etheridge (Vice-Chairman)	11	12
Debra Gent	5	12
Brian Goldie	8	12
Kat Joyce	9	11
Richard Kerslake	11	12
Victoria Lee	6	8
Susan Lyden	9	12
Shiraz Oshidar	0	4
Barbara Rayment	10	12
Fenice Roberts	3	4
Roger Roberts	9	12
Daniel Smith	11	11
Natalie Stapleton	6	12
Catherine Voysey	5	12

During the year ending 31st August 2016 Fenice Roberts and Victoria Lee stood down as Governors when their respective 4 year terms of office ended and Adrian Cowdry, Richard Kerslake, Shiraz Oshidar and Debra Gent

CHEAM ACADEMIES NETWORK

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

resigned as governors. Susan Lyden was re-appointed for a further 4-year term at the end of her term of office on 20th October 2015. In September 2016 Rosemary Satchell stood down as Chairman of the LGB to be replaced in that role by Jane Etheridge with Barbara Rayment appointed Vice Chairman. Two new staff governors, Daniel Smith and Kat Joyce were elected in September 2015. During the year a decision was taken by The Trust Board to reduce the number of governors to 15 through natural wastage.

No specific governance reviews were undertaken during this period of change. However, the Ofsted inspection in February 2015, judged Cheam High School as outstanding and included consideration of governance arrangements.

The Local Governing Body assumed the functions of the Cheam High School Finance Committee from April 2015 and all relevant financial matters pertaining to Cheam High School are considered at LGB meetings prior to consideration at Trust (Board) level.

Arrangements for setting pay and remuneration of key management personnel

The senior leadership team (SLT) are the key leadership and management personnel of the trust. Trustees also hold a senior leadership role although they receive no pay or other remuneration in respect of their role as trustees. Where staff trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are trustees is set out within the notes to the accounts.

The pay of the Executive Principal is set annually by the HR/Pay Committee, having regards to performance against objectives set the previous year and within a stated ISR (pay range) determined by the HR/Pay Committee. Pay of other SLT members is set by the Pay Committee again having regard to performance against previously agreed objectives and any recommendations made by the Headteacher and with reference to the National Leadership pay scale.

Related Parties and other Connected Charities and Organisations

The Trust has one connected organisation - Cheam High School Educational Supplies and Services, a company limited by guarantee and governed by its own Memorandum and Articles of Association. The principal activity of the company is the supply and sale of Cheam High School uniform to students.

Objectives and activities

Objects and aims

The principal object of the company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of Cheam High School, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of its students.

Objectives, strategies and activities

The company continues to develop its support for teaching and learning, respond to changes in curriculum and public examinations, and ensure high standards of staff performance by investing in their development and training. Additional resources continue to be provided to fulfil the Academy's safeguarding responsibilities and promote the personal development of its students.

During the year the company also completed its move to a Multi-Academy Trust including establishing appropriate governance arrangements. Cheam High School remains the sole school within the Trust.

Public benefit

In setting the objectives and planning the associated activities, Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

CHEAM ACADEMIES NETWORK

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

Strategic report

Achievements and performance

The school has enjoyed another very successful year.

Year 11 exam results were again very positive, with 77% obtaining C+ in English and Mathematics and approximately half of all entries at grades B or above. At the highest level, 32 students gained 8 or more A and A* grades with 66 students gaining 5+ AA* grades. Over 283 students gained eight or more GCSEs and over 670 A and A* grades were achieved. This maintained last year's high standards and indicated excellent progress. Progress scores overall were significantly positive at 0.17 with Mathematics, Science, MFL all significantly positive and English above expected. Student groups of all abilities scored above expected outcomes, including the student group with EHCP (Educational Health and Care Plans).

At A level, results were positive with 99% A-E; 78% A-C and 16% at A/A* grades. BTEC level 3 grades were also strong with 70% of grades at Distinction* and 85% at Distinction or higher. Over 180 students are due to progress to university as a result. Overall, 25% of level 3 outcomes were at the top grades possible, with 40% at the equivalent of A grade or higher. Progress scores for the cohort were positive, significantly so for Vocational, and 0.03 of a grade short of significantly positive for Academic qualifications.

At AS, new examinations were in place for many subjects. Results included some anomalies compared to previous years with a small drop in overall results compared to last year. AS results are now "decoupled" from A levels for many subjects and the school will be reviewing its AS entry policy as a result.

The school continues to run a broad range of sporting activities, both within lessons and as part of its extensive programme of extra-curricular activities. Both rugby and soccer teams have had various successes, with our girls' teams being particularly successful, and our netball teams also performed well in inter school competitions. Our successful tennis programme continues to take part in a range of tournaments, both girls' and boys' teams reaching the National finals' week.

Extra-curricular activities continue to be very popular. As well as a range of sports activities offered by the PE department, Performing Arts runs various clubs and activities as well as providing drama and music evenings and/or productions. The school production was also extremely successful and enjoyed by both participants and audience. Other extra-curricular activities include after school study support sessions, homework clubs, subject clubs and access to the school fitness gym. We continue to run activities days for students at KS3 and a number of sports tours and trips abroad were offered. Duke of Edinburgh Awards weekends and training continue to be popular and successful.

Facilities have also been maintained well over the year, though plans for more significant upgrading have been put on hold given future known pressures on funding.

Key financial performance indicators

The financial KPI's monitored by Governors via regular reports at Finance Committee can be summarised as follows;

- The revenue budget will achieve a break even or better position on a quarter by quarter basis such that reserves are not required to fund recurrent expenditure (achieved).
- Reserves will be maintained commensurate with the requirements of the reserves policy (achieved).

Other Key performance indicators

Ofsted Inspection, February 2015, judged Cheam High School as outstanding. This means that the school has been judged outstanding by Ofsted in three consecutive full reports and in a Mathematics Inspection. Results since then have maintained good and outstanding progress, supporting this judgement.

School self-evaluation information indicates that parents/carers, students and staff are very positive about the educational provision and support provided by the school. Teaching and support standards remain high, with close scrutiny of teaching supported by staff development strategies highly valued by participants.

CHEAM ACADEMIES NETWORK

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

Pupil attendance remains above national figures; the school continues to be heavily oversubscribed for Year 7 entry each year.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust 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

We receive our income from a number of different sources. The majority of our income comes from central government via the Education Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant - GAG). The EFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/EFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries

The following balances held were held at 31 August;

Fund	Category	2016 £'000	2015 £'000
GAG	Restricted General Funds	-	6
Other DfE/EFA Grants	Restricted General Funds	38	4
Other Government Grants	Restricted General Funds	-	-
Other Income	Restricted General Funds	<u>397</u>	<u>391</u>
Sub-total General Restricted Funds		435	401
Unspent Capital Grants	Restricted Fixed Asset Fund	26	-
Other Income	Unrestricted General Fund	<u>341</u>	<u>335</u>
Sub-Total Spendable Funds		802	736
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	12,369	12,910
Share of LGPS Deficit	Restricted Pension Reserve	<u>(5,596)</u>	<u>(2,782)</u>
Total All Funds		<u>7,575</u>	<u>10,864</u>

CHEAM ACADEMIES NETWORK

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

Reserves policy

The Academy Trust has a reserves policy which is set by the Finance Committee and reviewed annually. The policy states that it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events such that the school's primary objective is preserved. At the same time, the school wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

Each year the Governors review the resource requirements and grant income that is forecast for the coming year and an annual budget is formulated and approved.

Investment policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal risks and uncertainties

The Directors (Trustees) have assessed the major risks to which the company is exposed, in particular those relating to academic performance/finances/child welfare. The Trustees have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risks still remain they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Leadership Team and overseen by Directors (Trustees).

The principal financial risk faced by the company is that ongoing pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the Directors (Trustees) of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Directors (Trustees) consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

Most of the company's income is obtained from the DfE (via the Education Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Plans for future periods

Cheam High School is responding to significant changes in qualifications and accountability measures. This involves reviews of schemes of work, new assessment structures, and further development of tracking and intervention processes. In addition, the school continues to focus on strategies to support all students to achieve, with a particular focus on different groups of students. Our communications support strategy continues to be a high priority (literacy, numeracy, oracy) as does staff training to ensure our staff are well-equipped to provide excellent provision. The school is also looking at ways to develop confidence and resilience in students, with a range of additional student leadership opportunities being piloted within the school. The increased pressures on finances as costs increase but income remains at a similar level means the school is planning how to make savings whilst minimising impact on the school community. This will lead to a review of some of the school's activities.

Finally, the Company is in the position to take on additional schools, and may exercise that ability should an appropriate opportunity arise. However, it will only do this where its current provision is not put at risk and where such an addition supports its aim of developing local educational provision.

CHEAM ACADEMIES NETWORK

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

Funds held as custodian trustee on behalf of others

The trust does not hold any funds as custodian trustee.

Auditor

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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.

The Trustees Report, incorporating a strategic report, approved by order of the Directors of Cheam Academies Network, as the company directors on 28 November 2016 and signed on their behalf by:

R.S. Satchell

Dr Rosemary Satchell
Chairman

CHEAM ACADEMIES NETWORK

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As Trustees of the Cheam Academies Network (CAN) we acknowledge we have overall responsibility for ensuring that CAN and its schools (currently, specifically Cheam High School) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

CAN Directors are accountable for the overall performance of the Trust across all of its different parts. They also have to ensure accounts are produced each year which comply with Company and Charity Law, and are legally accountable. The Directors will take an overview of the performance and standards of the Trust; make strategic decisions on strategic matters such as the expansion of the Trust; be responsible for overall estate management and for staffing terms and conditions; approve any Trust policies and agree the Scheme of Delegation that confers powers to any school's Local Governing Body. They are also responsible for the appointment of the Executive Principal and the Headteachers of schools within the Trust.

The CAN Board has delegated the day-to-day responsibility to Rebecca Allott, the Executive Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to school(s) and enshrined in the funding agreement by the Secretary of State for Education. The Accounting Officer is responsible for reporting to the CAN Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustee's Report and in the Statement of Trustees' Responsibilities.

The CAN Directors are listed on page 1 of this document and met on 4 occasions during the year 2015-16.

Attendance at meetings was as follows:

Trustees (Directors)	Meetings attended	Out of possible
Rosemary Satchell (Chairman)	4	4
Rebecca Allott	4	4
Richard Beer	4	4
Jane Etheridge	4	4
Brian Goldie	3	4
Susan Lyden	3	4
Richard Kerslake (Vice Chairman)	3	4
Barbara Rayment	4	4

During the period Richard Kerslake resigned as a Trustee and Vice Chairman effective 31/08/16. Jane Etheridge, Brian Goldie, Susan Lyden and Barbara Rayment were appointed as Trustees by the Board on 24th November 2015.

All Directors have the same roles and responsibilities as part of the Board. Decisions are made collectively. Terms of office are 4 years, except for the ex officio post of Executive Principal or those posts elected annually. Directors elect a Chairman of the Board each year, and also a Vice Chairman. In addition to the main Board, the Directors have delegated powers to the Local Governing Body of Cheam High School via a defined scheme of delegation (see Trustees Report above) and have also established a CAN Board Finance and Audit Committee.

The CAN Finance & Audit Committee met on three occasions during the year ended 31st August 2016. The Finance Committee will monitor the financial health and performance of individual academies within the trust (in practice for the year ended 31 August 2016 this means Cheam High School only) and will raise concerns with the Board so that appropriate action can be taken if needed. It will also monitor any capital or other project work, and make recommendations with regard to central service costs or project costs relating to estate management across the Trust.

CHEAM ACADEMIES NETWORK

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

The Audit Committee will consider the risks to the Academy's systems of internal financial control to aid the Academy in developing strategies to mitigate those risks. The committee considers reports and the recommendations made to them, presented by the Responsible Officer and the appointed Auditor. There were no significant issues identified during the period.

During the period Richard Kerslake resigned as a Trustee and stood down as a member of the Finance & Audit committees. Brian Goldie was appointed to both committees on 25th November 2015.

Attendance at Finance & Audit meetings was as follows:

Trustees (Directors)	Meetings attended	Out of possible
Richard Beer (Chairman)	3	3
Rosemary Satchell	3	3
Richard Kerslake	1	3
Rebecca Allott	3	3
Brian Goldie	1	2

Review of Value for Money

As accounting officer the head teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by for example:

- The negotiation of improved utility (gas and electricity) contracts during 2016.
- Negotiation of improved terms on contracts for maintenance of fire alarm systems and telephone call charges

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Governors/ CAN Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors/ CAN Board is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors/ CAN Board.

CHEAM ACADEMIES NETWORK

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

The risk and control framework

The 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 Governors/ CAN Board;
- regular reviews by the Finance Committee/ Board of Governors/ CAN Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The CAN Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

During the year the Audit Committee considered both internal and external (systems) audit reports and reviewed the observations and recommendations made in each with regard to the internal control framework. No significant weaknesses were observed by either internal or external audit, but several minor recommendations were supported by the Audit Committee and subsequently adopted by the Academy.

The Trust employs the services of a professional auditor to undertake an internal audit check each term against a programme agreed with the Academy. The reports are submitted directly to the Chair of Audit Committee. External audit, or systems audits, are undertaken each term and cover the main areas of financial risk: compliance with some of the key requirements of the Academies' Financial Handbook issued by the EFA, procurement, payroll and payments. They are carried out by Baxter & Co on behalf of the Audit Committee and the report is presented directly to the Chairman of the Audit Committee.

During the year internal and external audits did not identify any material control weaknesses, and Trustees are satisfied that the role has been delivered effectively by the agent.

Review of effectiveness

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

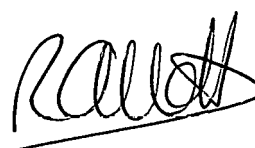
- internal audit reports;
- the work of the External Auditor;
- the financial management and governance self-assessment process;
- the work of the Executive Managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Directors of Cheam Academies Network, on 28 November 2016 and signed on its behalf by:

R.S. Satchell

Dr Rosemary Satchell
Chairman



Rebecca Allott
Accounting Officer

CHEAM ACADEMIES NETWORK

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As Accounting Officer of Cheam Academies Network I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Rebecca Allott
Accounting Officer

28 November 2016

CHEAM ACADEMIES NETWORK

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who also act as Governors for Cheam Academies Network and are also the Directors of Cheam Academies Network for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education Funding Agency (EFA), 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 in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 that 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 Board of Trustees on 28 November 2016 and signed on its behalf by:

R.S. Satchell

Dr Rosemary Satchell
Chairman

CHEAM ACADEMIES NETWORK

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHEAM ACADEMIES NETWORK

We have audited the Financial Statements of Cheam Academies Network for the year ended 31 August 2016 set out on pages 19 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the Trustees, who are also the Directors of Cheam Academies Network 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 charitable company'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 including the incorporated Strategic 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 charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

CHEAM ACADEMIES NETWORK

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHEAM ACADEMIES NETWORK (CONTINUED)

Matters on which we are required to report by exception

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

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

David John Walsh FCCA (Senior Statutory Auditor)

For and on behalf of Baxter & Co

Statutory Auditor

Chartered Certified Accountants

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 30 November 2016

CHEAM ACADEMIES NETWORK

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHEAM ACADEMIES NETWORK AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 2 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cheam Academies Network during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cheam Academies Network and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Cheam Academies Network 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 Cheam Academies Network and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cheam Academies Network's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Cheam Academies Network's funding agreement with the Secretary of State for Education dated 25 May 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.7 of the Academies Financial Handbook 2015, issued by the EFA.

CHEAM ACADEMIES NETWORK

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHEAM ACADEMIES NETWORK AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

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

Baxter & Co

Independent Reporting Accountants

Chartered Certified Accountants

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 30 November 2016

CHEAM ACADEMIES NETWORK

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000	Total 2015 £'000
						(see over)
Income and endowments from:						
Donations and capital grants	2	82	-	42	124	116
Charitable activities:						
- Funding for educational operations	4	-	11,308	-	11,308	11,208
Other trading activities	3	46	370	-	416	377
Total income and endowments		<u>128</u>	<u>11,678</u>	<u>42</u>	<u>11,848</u>	<u>11,701</u>
Expenditure on:						
Raising funds	5	40	-	-	40	40
Charitable activities:						
- Educational operations	6	82	11,910	557	12,549	12,358
Total expenditure	5	<u>122</u>	<u>11,910</u>	<u>557</u>	<u>12,589</u>	<u>12,398</u>
Net income/(expenditure)		6	(232)	(515)	(741)	(697)
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(2,548)	-	(2,548)	312
Net movement in funds		6	(2,780)	(515)	(3,289)	(385)
Reconciliation of funds						
Total funds brought forward		<u>335</u>	<u>(2,381)</u>	<u>12,910</u>	<u>10,864</u>	<u>11,249</u>
Total funds carried forward		<u>341</u>	<u>(5,161)</u>	<u>12,395</u>	<u>7,575</u>	<u>10,864</u>

The comparative figures for 2015 are analysed according to fund on the next page of these financial statements.

CHEAM ACADEMIES NETWORK

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

FOR THE YEAR ENDED 31 AUGUST 2016

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2015 £'000
Income and endowments from:					
Donations and capital grants	2	74	-	42	116
Charitable activities:					
- Funding for educational operations	4	-	11,208	-	11,208
Other trading activities	3	41	336	-	377
Total income and endowments		<u>115</u>	<u>11,544</u>	<u>42</u>	<u>11,701</u>
Expenditure on:					
Raising funds	5	40	-	-	40
Charitable activities:					
- Educational operations	6	40	11,764	554	12,358
Total expenditure	5	<u>80</u>	<u>11,764</u>	<u>554</u>	<u>12,398</u>
Net income/(expenditure)		35	(220)	(512)	(697)
Transfers between funds		(31)	(257)	288	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	312	-	312
Net movement in funds		4	(165)	(224)	(385)
Reconciliation of funds					
Total funds brought forward		<u>331</u>	<u>(2,216)</u>	<u>13,134</u>	<u>11,249</u>
Total funds carried forward		<u>335</u>	<u>(2,381)</u>	<u>12,910</u>	<u>10,864</u>

CHEAM ACADEMIES NETWORK

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10		12,369		12,910
Current assets					
Stocks	11	16		16	
Debtors	12	126		168	
Cash at bank and in hand		1,227		1,099	
		1,369		1,283	
Current liabilities					
Creditors: amounts falling due within one year	13	(567)		(547)	
Net current assets			802		736
Net assets excluding pension liability			13,171		13,646
Defined benefit pension liability	17		(5,596)		(2,782)
Total net assets			7,575		10,864
Funds of the Academy Trust:					
Restricted funds	15				
- Fixed asset funds			12,395		12,910
- Restricted income funds			435		401
- Pension reserve			(5,596)		(2,782)
Total restricted funds			7,234		10,529
Unrestricted income funds	15		341		335
Total funds			7,575		10,864

The Financial Statements set out on pages 19 to 41 were approved by the Board of Trustees and authorised for issue on 28 November 2016 and are signed on its behalf by:

R.S. Satchell

Dr Rosemary Satchell
Chairman

Company Number 07588097

CHEAM ACADEMIES NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	18		102		119
Cash flows from investing activities					
Capital grants from DfE and EFA		42		42	
Payments to acquire tangible fixed assets		(16)		(402)	
			26		(360)
Change in cash and cash equivalents in the reporting period			128		(241)
Cash and cash equivalents at 1 September 2015			1,099		1,340
Cash and cash equivalents at 31 August 2016			1,227		1,099

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

Cheam Academies Network meets the definition of a public benefit entity under FRS 102.

These Financial Statements for the year ended 31 August 2016 are the first Financial Statements of Cheam Academies Network prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

1.3 Income

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

Grants receivable

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

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

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Governance costs

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

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £3,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold land is not depreciated

Freehold buildings	50 years Straight Line
Plant & machinery	5 years Straight Line
Computer equipment	3 years Straight Line
Fixtures, fittings & equipment	5 years Straight Line

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described below:

Land

Where land is owned (or occupied under terms of a long lease), subject to a legally binding restriction as to its use, it is included at a nominal value of £1.

Buildings

In accordance with the requirements of FRS102, specialist buildings transferred from the predecessor school are recognised at their depreciated replacement cost at the time of transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

Other Fixed Assets

Other fixed assets transferred from the predecessor school are also included at depreciated replacement cost (subject to the capitalisation limit).

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.6 Liabilities

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

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

1.7 Leased assets

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

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.9 Taxation

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

1.10 Pensions benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 Fund accounting

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

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

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.12 Agency arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid, and any balances held are disclosed in note 22.

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

In preparing these Financial Statements, the Trustees have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	42	42	42
Other donations	82	-	82	74
	<u>82</u>	<u>42</u>	<u>124</u>	<u>116</u>

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	46	-	46	41
Catering income	-	370	370	336
	<u>46</u>	<u>370</u>	<u>416</u>	<u>377</u>

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	10,201	10,201	10,199
Other DfE / EFA grants	-	309	309	262
	<u>-</u>	<u>10,510</u>	<u>10,510</u>	<u>10,461</u>
Other government grants				
Local authority grants	-	413	413	436
	<u>-</u>	<u>413</u>	<u>413</u>	<u>436</u>
Other funds				
Voluntary funds	-	363	363	304
Other incoming resources	-	22	22	7
	<u>-</u>	<u>385</u>	<u>385</u>	<u>311</u>
Total funding	<u>-</u>	<u>11,308</u>	<u>11,308</u>	<u>11,208</u>

5 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	8,576	446	1,041	10,063	9,903
- Allocated support costs	1,117	293	1,076	2,486	2,455
	<u>9,693</u>	<u>739</u>	<u>2,117</u>	<u>12,549</u>	<u>12,358</u>
Other expenditure					
Raising funds	40	-	-	40	40
	<u>40</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>40</u>
Total expenditure	<u>9,733</u>	<u>739</u>	<u>2,117</u>	<u>12,589</u>	<u>12,398</u>

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Expenditure

Net income/(expenditure) for the year includes:	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	9	7
- Other non-audit services	27	21
Operating lease rentals	56	53
Depreciation of tangible fixed assets	557	554

Included within expenditure are the following transactions:

	2016 £
Gifts made by the trust - total	1,385

Clarification - While the majority of disclosure in these accounts are rounded to £'000, disclosure of gifts made are not. The value of gifts made for the year was £1,385 (and not £1,385k).

Central services

The company changed its Articles of Association to enable it to operate as a Multi Academy Trust. No new academies joined the trust during the year and all of the above expenditure relates exclusively to Cheam High School.

6 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	77	9,986	10,063	9,903
Support costs - educational operations	5	2,481	2,486	2,455
	82	12,467	12,549	12,358

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Charitable activities

	2016 £'000	2015 £'000
Analysis of support costs		
Support staff costs	1,117	1,077
Depreciation and amortisation	111	110
Premises costs	407	432
Other support costs	815	770
Governance costs	36	66
	<u>2,486</u>	<u>2,455</u>

7 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	7,525	7,635
Social security costs	583	527
Operating costs of defined benefit pension schemes	1,532	1,386
Staff costs	<u>9,640</u>	<u>9,548</u>
Supply staff costs	85	22
Staff restructuring costs	8	-
Total staff expenditure	<u>9,733</u>	<u>9,570</u>

Staff numbers

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

	2016 Number	2015 Number
Teachers	131	134
Administration and support	122	127
Management	9	9
	<u>262</u>	<u>270</u>

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Staff costs

Higher paid staff

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

	2016 Number	2015 Number
£60,000 - £70,000	4	3
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
	<hr/>	<hr/>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £879,249.

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

R Allott (Head Teacher):

- Remuneration £135,000 - £140,000 (2015: £140,000 - £145,000)
- Employer's pension contributions £20,000 - £25,000 (2015: £15,000 - £20,000)

D Gent (Staff Governor):

- Remuneration £25,000 - £30,000 (2015: £25,000 - £30,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

M Hewison (Staff Governor):

- Remuneration Not appointed in current year (2015: £30,000 - £35,000)
- Employer's pension contributions Not appointed in current year (2015: £0 - £5,000)

R Williams (Staff Governor):

- Remuneration Not appointed in current year (2015: - £30,000 - £35,000)
- Employer's pension contributions Not appointed in current year (2015: - £0 - £5,000)

K Joyce (Staff Governor):

- Remuneration £35,000 - £40,000 (2015: Not appointed)
- Employer's pension contributions £5,000 - £10,000 (2015: Not appointed)

D Smith (Staff Governor):

- Remuneration £30,000 - £35,000 (2015: Not appointed)
- Employer's pension contributions £0 - £5,000 (2015: Not appointed)

During the year, travel and subsistence payments totalling £166 (2015: £102) were reimbursed or paid directly to 1 Trustee (2015: 2 Trustees).

9 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was £261 (2015: £250). The cost of this insurance is included in the total insurance cost.

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Tangible fixed assets

	Freehold land and buildings £'000	Plant & machinery £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost					
At 1 September 2015	14,847	30	39	155	15,071
Additions	-	16	-	-	16
At 31 August 2016	14,847	46	39	155	15,087
Depreciation					
At 1 September 2015	2,051	6	26	78	2,161
Charge for the year	504	9	13	31	557
At 31 August 2016	2,555	15	39	109	2,718
Net book value					
At 31 August 2016	12,292	31	-	46	12,369
At 31 August 2015	12,796	24	13	77	12,910

11 Stocks

	2016 £'000	2015 £'000
School uniform	16	16

12 Debtors

	2016 £'000	2015 £'000
Trade debtors	13	9
VAT recoverable	58	58
Other debtors	5	12
Prepayments and accrued income	50	89
	126	168

13 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	37	45
Other taxation and social security	186	170
Other creditors	164	157
Accruals and deferred income	180	175
	567	547

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14	Deferred income	2016 £'000	2015 £'000
	Deferred income is included within:		
	Creditors due within one year	128	138
	Deferred income at 1 September 2015	138	24
	Released from previous years	(138)	(24)
	Amounts deferred in the year	128	138
	Deferred income at 31 August 2016	128	138

Deferred income arises because of funds held at 31 August 2016 relating to trips and other activities income received in advance £20k (2015: £74k), unspent 16-19 Bursary Funds held on behalf of the EFA £80k (2015: £36k) GAG rates funding received in advance £28k (2015: £28k).

15	Funds	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
	Restricted general funds					
	General Annual Grant	6	10,201	(10,207)	-	-
	Pupil premium	-	244	(244)	-	-
	Other DfE / EFA grants	4	65	(31)	-	38
	Other government grants	-	413	(413)	-	-
	Other restricted funds	391	755	(749)	-	397
	Funds excluding pensions	401	11,678	(11,644)	-	435
	Pension reserve	(2,782)	-	(266)	(2,548)	(5,596)
		<u>(2,381)</u>	<u>11,678</u>	<u>(11,910)</u>	<u>(2,548)</u>	<u>(5,161)</u>
	Restricted fixed asset funds					
	DfE / EFA capital grants	984	42	(30)	-	996
	Inherited funds	10,317	-	(452)	-	9,865
	Capital expenditure from GAG and other funds	1,609	-	(75)	-	1,534
		<u>12,910</u>	<u>42</u>	<u>(557)</u>	<u>-</u>	<u>12,395</u>
	Total restricted funds	<u>10,529</u>	<u>11,720</u>	<u>(12,467)</u>	<u>(2,548)</u>	<u>7,234</u>
	Unrestricted funds					
	General funds	335	128	(122)	-	341
	Total funds	<u>10,864</u>	<u>11,848</u>	<u>(12,589)</u>	<u>(2,548)</u>	<u>7,575</u>

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

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

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £12,369k (2015: £12,910k) plus the unspent element of Capital funds £26k (2015: £nil). When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

Analysis of funds by Academy

The company changed its Articles of Association to enable it to operate as a Multi Academy Trust. No new academies joined the trust during the year and all funds quoted above relate exclusively to Cheam High School.

Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2016 were allocated as follows:	
Cheam High School	776
Total before fixed assets fund and pension reserve	776
Restricted fixed asset fund	12,395
Pension reserve	(5,596)
Total funds	7,575

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Cheam High School	8,576	1,157	312	1,986	12,031
	8,576	1,157	312	1,986	12,031

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	12,369	12,369
Current assets	341	1,002	26	1,369
Creditors falling due within one year	-	(567)	-	(567)
Defined benefit pension liability	-	(5,596)	-	(5,596)
	<u>341</u>	<u>(5,161)</u>	<u>12,395</u>	<u>7,575</u>

17 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £164k (2015: £157k) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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

The employer's pension costs paid to the TPS in the period amounted to £823k (2015: £716k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.5% for employers and 5.5% to 8.5% for employees.

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

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	544	540
Employees' contributions	143	136
Total contributions	687	676
Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	4.10	4.50
Rate of increase for pensions in payment	2.30	2.70
Discount rate	2.20	4.00

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

Sensitivity Analysis

Scheme liabilities have been valued at £10,425k. The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate were to decrease by 0.1%, liabilities would be measured at £10,683k.

If the salary rate were to increase by 0.1%, liabilities would be measured at £10,472k.

If the pension rate were to increase by 0.1%, liabilities would be measured at £10,636k.

If the life expectancy were to increase by a year, liabilities would be measured at £10,696k.

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

	2016 Years	2015 Years
Retiring today		
- Males	22.2	21.7
- Females	24.8	25.0
Retiring in 20 years		
- Males	24.1	23.7
- Females	27.0	27.0

The Academy Trust's share of the assets in the scheme

	2016 Fair value £'000	2015 Fair value £'000
Equities	3,324	2,224
Bonds	349	431
Cash	-	123
Gilts	833	497
Property	323	247
Other assets	-	50
Total market value of assets	4,829	3,572

Actual return on scheme assets - gain/(loss)	630	4
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Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	709	670
Net interest cost	101	52

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

Changes in the present value of defined benefit obligations	2016 £'000
Obligations at 1 September 2015	6,354
Current service cost	698
Interest cost	256
Employee contributions	143
Actuarial loss	3,034
Benefits paid	(60)
At 31 August 2016	<u>10,425</u>

Changes in the fair value of the Academy Trust's share of scheme assets	2016 £'000
Assets at 1 September 2015	3,572
Interest income	144
Return on plan assets (excluding amounts included in net interest): Actuarial gain	486
Employer contributions	544
Employee contributions	143
Benefits paid	(60)
At 31 August 2016	<u>4,829</u>

18 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(741)	(697)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(42)	(42)
Defined benefit pension costs less contributions payable	165	130
Defined benefit pension net finance cost/(income)	101	52
Depreciation of tangible fixed assets	557	554
(Increase)/decrease in stocks	-	2
(Increase)/decrease in debtors	42	69
Increase/(decrease) in creditors	20	51
Net cash provided by operating activities	<u>102</u>	<u>119</u>

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	42	12
Amounts due in two and five years	62	31
	<u>104</u>	<u>43</u>

20 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transaction took place in the period of account.

The Academy operates a trading subsidiary company, Cheam High Educational Supplies and Services Limited, a company incorporated in the UK (England and Wales), company number 04410978. The directors of the company are appointed by the Academy. The Academy has appointed Rosemary Satchell (Chair of Governors) and Rebecca Allott (Head Teacher) as directors of the trading subsidiary.

The main activity of the company is the operation of a school shop and collection of income on behalf of the Academy. All of the profits of the company are donated to the Academy. The activities of the company are not material in the context of the Academy's accounts and hence consolidated accounts have not been prepared. During the period under review, the company's turnover was £64k (2015: £63k) and it generated a profit of £5k (2015: £4k), all of which was donated to the Academy. The company had nil residual net assets.

During the period the company reimbursed staff costs of £8k (2015: £8k) to the Academy. At 31 August 2016, amounts due to the Academy amounted to £13k (2015: £12k) and are included in debtors falling due within one year.

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2015.

21 Members' liability

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

CHEAM ACADEMIES NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £51,415 (2015: £45,248) and disbursed £7,076 (2015: £9,684) from the fund. An amount of £79,903 (2015: £35,564) is included within creditors: amounts falling due in less than one year relating to undistributed funds that are repayable to the EFA.