

**The Chelsea Academy
(A Science Academy)**

**Annual Report and Financial
Statements**

31 August 2016

Company Limited by Guarantee
Registration Number
06176090 (England and Wales)

Contents

Reports

Reference and administrative information	1
Governors' report	3
Governance statement	13
Statement of regularity, propriety and compliance	17
Statement of Governors' responsibilities	18
Independent auditor's report on the financial statements	19
Independent reporting accountant's report on regularity	21

Financial statements

Statement of financial activities	23
Balance sheet	24
Statement of cash flows	25
Principal accounting policies	26
Notes to the financial statements	33

Reference and administrative information

Members	London Diocesan Board for Schools The Royal Borough of Kensington and Chelsea
Governors	Councillor E Campbell (Chair) Revd B Leathard (Vice-Chair) Ms J Birkett Dr R Eastwood Mr T Gilchrist Ms S Harris Mr R Hingley Ms D Huntingford Mr B Lenon Ms R Robinson Ms K Roskell Lady S Sassoon Ms J Scorer Mr J Simmonds Mr M Williams
Company Secretary	Dotun Olaleye (until 31 March 2016) Lucian Boyd Harte (from 1 April 2016)
Senior Leadership Team	(at 31 August 2016)
Principal	Matthew Williams
Vice Principal	Tom Cragg
Vice Principal	Hannah Blake
Vice Principal	Bernie Whittle
Director of Finance and Operations	Dotun Olaleye (until 31 March 2016) Lucian Boyd Harte (from 1 April 2016)
Assistant Principal	Sam Ainsworth
Assistant Principal	Georgina Michelides
Assistant Principal	Holly Power
Assistant Principal	Michelle Vellacot (maternity)
Assistant Principal	Wendy Minns (maternity cover)
Assistant Principal	Seema Dhawan
Registered address	Lots Road London SW10 0AB
Company registration number	06176090 (England and Wales)

Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers HSBC Bank Plc
92 Kensington High Street
London
W8 4SH

Solicitors Eversheds
One Wood Street
London
EC2V 7WS

The Governors of The Chelsea Academy (A Science Academy) ('the Academy') present their annual report, together with the financial statements and the auditor's report of the charitable company for the year to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 32 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (company registration no. 06176090) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The sponsors of the Academy are the London Diocesan Board for Schools (LDBS) and the Royal Borough of Kensington and Chelsea (RBKC). The Governors of Chelsea Academy (A Science Academy) are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law. The charitable company is known as Chelsea Academy.

Members' liability

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

Governors' indemnities

There are no qualifying third party indemnity provisions to declare.

Principal activities

The objects of the charitable company, as set out in the memorandum of association, are to advance, for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, operating and developing a Church of England school, offering a broad curriculum with a strong emphasis on, but not limited to, the Sciences, conducted in accordance with the principles and practices of the Church of England.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006. The following Governors were in office at 31 August 2016 and served throughout the year except where shown.

Governor	Appointed	Resigned
Clr Elizabeth Campbell (Chair)		
Revd Brian Leathard (Vice-Chair)		
Ms Anna Birkett	Appointed 12 March 2016	
Ms Aadila Bronkhorst		Resigned 15 March 2016
Dr Rodney Eastwood		
Mr Tim Gilchrist		
Mrs Susan Harris	Appointed 10 May 2016	
Mr Robert Hingley		
Ms Diana Huntingford		
Mr Barnaby Lenon		
Ms Rebecca Robinson		
Ms Kate Roskell		
Lady Sarah Sassoon		
Ms Josephine Scorer		
Mr Julian Simmonds		
Mr Matthew Williams		

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be four years, although the nominating bodies may re-nominate the Governor to serve for a further period. This time limit shall not apply to the Principal.

The articles of association provide for the appointment or election of up to 15 Governors, as follows:

- ◆ four governors appointed by the LDBS;
- ◆ three governors appointed by the RBKC;
- ◆ the Principal of Chelsea Academy;
- ◆ one elected parent governor;
- ◆ one elected staff governor;
- ◆ one governor, to represent the private sector, who is appointed by the LDBS and the RBKC; and
- ◆ up to four governors co-opted by the Governing Body.

Governors receive an induction and training programme on the Academy's policies and procedures appropriate to their skills and experience. As a minimum, this will include training on the Academy's Child Protection policy.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

As set out in the articles of association, the Governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Academy and consider any advice given by the Principal.

The Board of Governors of the Academy has three primary roles:

- ◆ to set the Academy's strategic direction; its mission, ethos, core values; overall aims and objectives;
- ◆ to provide accountability for the Academy, for example, by reporting to key stakeholder groups and providing information for those groups; or by hearing appeals against decisions of the Academy; and
- ◆ to monitor and evaluate the Academy's performance, for example, against past performance, against other 'like' academies and against its own improvement plan, budgets and policies.

In particular, this means exercising responsibility for, and oversight over, the following:

- ◆ overall policy and strategic direction of the Academy;
- ◆ mission and vision of the Academy;
- ◆ the Academy's development plan;
- ◆ adoption and monitoring of key targets;
- ◆ adoption of the annual budget and major financial decisions;
- ◆ overall curriculum;
- ◆ preparation of the annual report and financial statements;
- ◆ overall governance of the Academy, including oversight of committees and appointment of Governors;
- ◆ dealing with any statutory inspection of the Academy; and
- ◆ maintaining relations with the sponsors of the Academy and the Education Funding Agency (EFA).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

Systems are in place, including operational procedures (e.g. vetting of new staff and visitors) and internal financial controls, in order to minimise risk. Where significant financial risk still remains, the Academy has ensured it has adequate insurance cover. The Academy has a system of internal financial control and more details are provided on pages 13 to 16.

Connected organisations, including related party relationships

The Academy's sponsors are the Royal Borough of Kensington and Chelsea (RBKC) and the London Diocesan Board for Schools (LDBS). Details of any financial transactions during the year with these two organisations are given in note 21.

The Chelsea Academy Foundation, a registered charity (charity number 1120784), exists to raise funds to support access for all students to an extended range of curriculum at the Academy. Details of donations from the Chelsea Academy Foundation during the year are given in note 21.

OBJECTIVES AND OUTCOMES

Chelsea Academy is a mixed Church of England Academy for students aged between 11 and 19 years. It is jointly sponsored by the London Diocesan Board for Schools and the Royal Borough of Kensington and Chelsea. The sponsors' vision is for a school that serves its local community and has a distinctive Christian ethos. Our objective is to deliver a high quality education for all students that attend the Academy.

The Academy opened in September 2009 and has places for 180 students per year group. Over 800 applications were received for the Academy's current and forthcoming Year 7 cohorts.

Chelsea Academy was graded outstanding by Ofsted in May 2012 and by the National Society and the Methodist Church for the conduct of the Statutory Inspection of Anglican and Methodist Schools (SIAMS) in July 2012. It was awarded the Investors in People Gold Kite mark for the second time in January 2015. The Academy is a Leading Edge School, a member of the Mayor for London's Gold Club and has been accredited as a World Class School.

The Academy's specialism is the Sciences. The vision of the science specialism is for all students to develop an understanding of the importance of science. It is our priority to ensure that students are enthused by science and we work hard to teach engaging and memorable lessons. We aim to become a school that produces the scientists of the future. 70% of our Sixth Form students study a science and, through developing strong links with universities, we have ensured that they are aware of the career opportunities that studying science can lead to.

10% of places are awarded to students with an aptitude in music. Of the remaining places, 50% are foundation (church) places and 50% are community (open) places. Priority is given to the siblings of students who attend the Academy.

OBJECTIVES AND OUTCOMES (continued)

The ability profile of the students that attend Chelsea Academy is broadly in line with the national average. The catchment is diverse and its deprivation indicators are significantly worse than the national average according to RAISEonline.

Vision Statement

Our vision is to develop outstanding citizens of tomorrow who make a sustained and valuable contribution to society. We aim to do this by ensuring that:

- ◆ our teaching is outstanding;
- ◆ our students have access to world class experiences;
- ◆ our community is underpinned by mutual respect and the Christian values of joy, charity, perseverance, forgiveness and servant leadership.

STRATEGIC REPORT

Achievements, performance and review of activities

It has been a successful year for the Academy, with the GCSE and A level performance remaining strong and significantly above national averages. GCSE progress was the best that the Academy has achieved (progress 8 score of 0.38 compared to 0.22 a year ago) putting the Academy in the top 14% of schools nationally for progress. At A level, 52% of grades were A* to B. We are pleased that 22% of students gained a place at a Russell Group University- up from 16% a year ago - with two going to Oxford University. 96% of year 13 students go on to university.

The Academy successfully restructured the middle management of the Academy, removing the Faculty structure and introducing a Curriculum area structure. This has both saved money and simplified lines of communication, with the aim of further raising standards in subject areas. The Academy also moved from a house-based pastoral system to a year-based pastoral system. This is to ensure that students have access to high quality, age-appropriate, pastoral care.

A number of roles were cut in the year to ensure long term financial stability and a leaner staffing model. This has meant that some post-16 courses have been cut and this has had an adverse impact on the number of students recruited post 16 (a decrease of 10 students taking up places in the sixth form).

Our new Chaplain has continued to work hard in promoting and leading on our Christian ethos. Through community-based street pastors, strong relationships with local churches and a high profile within the Academy, he ensures that students develop spiritually. Students regularly participate in active worship and through the pastoral system fundraise for a range of charities.

STRATEGIC REPORT (continued)

Public benefit

The Governors confirm that they have considered the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. The Governors consider that the Academy's aims are demonstrably to the public benefit.

Financial review

Financial report for the year

The financial position of the Academy at 31 August 2016 was sound. The Academy incurred an operating deficit of £105,000 equivalent to 1.1% of its income which will be absorbed this year by the Academy's reserves. The reconciliation between the net movement in funds and the operating deficit above is shown in note 22.

The results for the year are shown on page 23.

The net reduction in funds for the year was £2,218,000 (2015 – £1,099,000). This was made up as follows:

- ◆ The operating deficit, which excludes transactions relating to the fixed asset fund and FRS 102 pension liability adjustments, was £105,000.
- ◆ In 2015/16 the actuarial assumptions changed in line with FRS102. This has increased the actuarial losses on the scheme to £1,113,000 (2015 - £6,000). In addition, the valuation of the Local Government Pension Scheme (LGPS) resulted in a non-cash charge to expenditure of £145,000 (2015 - £110,000).
- ◆ The other factors contributing to the difference between the operating deficit and the net movement in funds were the depreciation charge of £878,000 and fixed asset fund income of £23,000.

The pension liability adjustments and depreciation charge have had no cash impact on the Academy during the year to 31 August 2016. The pension liability adjustments represent the additional cost this year of providing the Academy's future pension obligations to its staff. These adjustments are derived from changes in actuarial assumptions and are a long-term liability. Staff costs as a percentage of total income, excluding unrestricted income, increased from 70.7% (as restated) in 2014/15 to 73.2% in 2015/16.

Financial and risk management objectives and policies

The Academy's risk management system is designed to involve all of the relevant members of the Leadership Team. The risk register is reviewed at each of its meetings by the Finance and Audit Committee, a Governors' sub-committee tasked to review all financial matters, and annually by the full Board of Governors.

The Academy's risk management objective is to balance the mitigation of risk against the cost of doing so, given the likelihood and potential cost of the risk materialising.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

As at 31 August 2016 the Academy had reserves of £1,006,000 (made up of unrestricted funds (also free reserves) of £366,000 (2015 - £345,000) and £640,000 (2015 – £716,000) restricted general funds, which may be used for any education-related purpose. This capital would cover the Academy for two months' worth of its payroll costs. The Governing Body has adopted a policy on reserves to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, amounting to the equivalent of three months of normal General Annual Grant income. .

The Governors aim to increase the level of reserves over time, without adversely affecting the ability of the Academy to achieve its other objectives.

Investment policy

The Governors' investment powers are governed by the memorandum and articles of association, which permit the Academy's funds, not immediately required for the furtherance of its objects, to be invested in or upon such investments, securities or property, as may be thought fit, subject to such conditions and consents as may for the time being be imposed or required by law. The Academy has not engaged in any investment of surplus funds during the year under review and has left all surplus funds on deposit.

Principal risks and uncertainties

There is no exposure to any financial instruments other than cash, bank balances and trade creditors. Consequently, this area of financial risk is considered to be very low.

The Academy has a system of internal control which was reviewed was by the internal auditor.

There are two major operational financial risks facing the Academy:

- ◆ further changes to the funding regime, including moves towards a national funding formula, that may have an adverse impact on the Academy's income, and further changes to post-16 funding; and
- ◆ falling demand for places, both for Year 7 and Sixth Form, particularly as a result of increased provision, for example with new free schools opening, and/or failure to achieve expected GCSE and A level examination results.

The Academy is mitigating these risks through seeking to ensure the Academy continues to have a balanced budget, modelling different budget scenarios and ensuring the Academy has time to implement changes, if required.

STRATEGIC REPORT (continued)

Financial review (continued)

Principal risks and uncertainties (continued)

The funding of the Local Government Pension Scheme remains the major non-operational financial risk.

PLANS FOR FUTURE PERIODS

The Academy development plan

The Academy, now in its ninth year is continuing to focus on its aim of being 'one of the best schools in London by 2020'. We have four priorities and these are:

- ◆ *Priority 1:* Achieving academic excellence.
- ◆ *Priority 2:* Providing the skills and opportunities to develop happy and employable young people.
- ◆ *Priority 3:* Being a beacon of excellence in terms of links with external partners, innovative staff development and excellent behaviour.
- ◆ *Priority 4:* Being a safe, respectful, tolerant community based on Christian values.

Areas for Academy development in 2016 and 2017

The following areas are key priorities for the development of the Academy in the 2016/17 academic year.

- ◆ Improve behaviour for learning across the Academy.
- ◆ Improve the quality of teaching, learning, marking and feedback across the Academy.
- ◆ Ensure assessment data is accurate and based on moderated, regular and accurate assessments.
- ◆ Ensure SEN students are supported in and out of lessons and make progress in line with other key groups.
- ◆ Ensure that staff development is of high quality and that staff retention increases.
- ◆ Ensure that financial stability is achieved in the medium and longer term, despite local and national fluctuations.
- ◆ Retain more of our year 11 students into the Sixth Form.

PLANS FOR FUTURE PERIODS (continued)

Areas for Academy development in 2016 and 2017 (continued)

- ◆ Ensure that the Academy curriculum is reviewed regularly so that it is cost efficient and offers attractive pathways for all students.

- ◆ Ensure that the outcomes, (e.g. exam results), for students are in the top 10% of schools nationally.

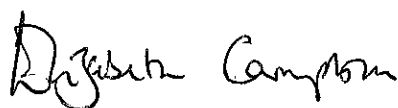
AUDITOR

In so far as the Governors are aware:

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

- ◆ the Governors 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.

Governors' report, incorporating a strategic report, approved by order of the Governing Body on and signed on its behalf by:



Chair of Governors

Date: 8.12.16

Scope of responsibility

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

The Governors have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of Governors' responsibilities. The Governors formally met four times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Cllr Elizabeth Campbell (Chair)	4	4
Revd Brian Leathard (Vice-Chair)	3	4
Ms Anna Birkett	2	2
Ms Aadila Bronkhorst	1	2
Dr Rodney Eastwood	4	4
Mr Tim Gilchrist	4	4
Ms Susan Harris	1	1
Mr Robert Hingley	3	4
Ms Diana Huntingford	4	4
Mr Barnaby Lenon	2	4
Ms Rebecca Robinson	4	4
Ms Kate Roskell	4	4
Lady Sarah Sassoon	2	4
Ms Josephine Scorer	4	4
Mr Julian Simmonds	3	4
Mr Matthew Williams	4	4

Governance reviews

A governance review took place in November 2014. Since then, the Governors have embarked on a process of self-evaluation and training in conjunction with the Leadership Team. Training sessions have looked at performance management, marking and feedback, SEN and curriculum development. The Governing Body is made up of a balance of experience and skills that allow the education, finance, legal and HR aspects of the Academy to be challenged and supported.

Governance (continued)

The **Finance and Audit Committee** is a sub-committee of the main Governing Body. Its purpose is to review all non-academic operational matters on behalf of the Governing Body, including the regular consideration of the Academy's financial position and risk management. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Robert Hingley (Chair)	4	4
Cllr Elizabeth Campbell	3	4
Dr Rodney Eastwood	3	4
Mr Tim Gilchrist	3	4
Ms Rebecca Robinson	2	4
Mr Julian Simmonds	4	4
Mr Matthew Williams	4	4
Ms Anna Birkett	1	1
LDBS representative	4	4

In addition to the Finance and Audit Committee, Governance is exercised through a number of other Committees, including the Students and Curriculum Committee and the Remuneration Committee.

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during the academic year and reports to the Governors where value for money can be improved, including the use of benchmarking data where available. The Academy has delivered and improved value for money during the year by:

- ◆ Combining transactions to obtain volume discount, collaborating with other departments to obtain better prices and securing discounts from bulk buying.
- ◆ Optimising the cost of delivering services and goods over the full life of contracts, rather than minimising the initial price.
- ◆ Competitively tendering major spends and presenting them to the Finance and Audit Committee for scrutiny and justification for value for money. This includes a new finance management system in the last year.
- ◆ Switching to Google cloud storage and email. The Academy has reduced its reliance on internal server storage and will save money in the long run because of this.
- ◆ Reviewing all contracts to ensure that they offer value for money and changing suppliers for key items such as gas and electricity and consumables.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Capacity to handle risk

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

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems, with an annual budget and periodic financial reports, which are reviewed and agreed by the Board of Governors;
- ◆ regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and appointed Buzzacott LLP as the Academy's Internal Auditor for the financial year. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the Internal Auditor reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In the year ended 31 August 2016, the Governors confirm that the internal audit function has been delivered in line with requirements of the EFA and the Internal Auditor is not aware of any material internal control issues in the year.

Review of effectiveness

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

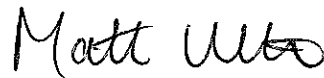
- ◆ the work of the Internal Auditor;
- ◆ the work of the external auditor;
- ◆ the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Governing Body on 8.12.16 and signed on their behalf by:



(Chair of Governors)



(Accounting Officer)

Approved on: 8.12.16

Statement on regularity, propriety and compliance 31 August 2016

As Accounting Officer of The Chelsea Academy (A Science Academy), I have considered my responsibility to notify the Academy's Board of Governors 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 and the Secretary of State. 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's Board of Governors are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

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 Governors and EFA.



Accounting Officer

Date: 8/12/16

Statement of governors' responsibilities 31 August 2016

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law, the Governors 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 Academy and of its income and expenditure for that period. In preparing these financial statements, the Governors are required to:

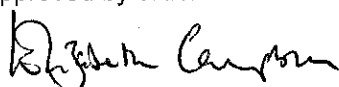
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Academy will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Governors are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 Governors on 8.12.16 and signed on its behalf by:


Chair of Governors

Independent auditor's report on the financial statements to the Members of The Chelsea Academy (A Science Academy)

We have audited the financial statements of The Chelsea Academy (A Science Academy) ("the charitable company") for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditor

The Governors act as trustees for the charitable activities of The Chelsea Academy (A Science Academy) and are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of Governors' responsibilities set out in the Governors' report, including the strategic report, the Governors 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 (APB'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 Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report, including the 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.

Independent auditor's report 31 August 2016

Opinion

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 income and expenditure for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 Governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

13 December 2016

Independent reporting accountant's assurance report on regularity to The Chelsea Academy (A Science Academy) and the Education Funding Agency

In accordance with the terms of our engagement letter dated 23 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Chelsea Academy (A Science Academy) during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Chelsea Academy (A Science Academy)'s Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Chelsea Academy (A Science Academy) funding agreement with the Secretary of State for Education dated 2 April 2007 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 from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

Approach (continued)

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:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

Nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 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.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

13 December 2016

Statement of financial activities (including income and expenditure account)
Year to 31 August 2016

	Notes	Restricted funds			2016 Total funds £000	Restated 2015 Total funds £000
		Unrestricted general fund £000	General £000	Fixed assets fund £000		
Income from:						
Donations and capital grants	2	—	100	23	123	135
Charitable activities						
· Funding for the Academy's educational operations	5	—	8,573	—	8,573	8,679
Other trading activities	3	596	—	—	596	508
Investments	4	—	—	—	—	2
Total income		596	8,673	23	9,292	9,324
Expenditure on:						
Charitable activities						
· Academy's educational operations	7	575	8,944	878	10,397	10,442
Total expenditure		575	8,944	878	10,397	10,442
Net income (expenditure)		21	(271)	(855)	(1,105)	(1,118)
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme	20	—	(1,113)	—	(1,113)	19
Net movement in funds		21	(1,384)	(855)	(2,218)	(1,099)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2015		345	302	35,802	36,449	37,548
Total fund balances carried forward at 31 August 2016	16	366	(1,082)	34,947	34,231	36,449


All of the Academy's activities derived from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2016

	Notes	2016 £000	2016 £000	Restated 2015 £000	Restated 2015 £000
Fixed assets					
Tangible fixed assets	13		34,924		35,802
Current assets					
Debtors	14	684		753	
Cash at bank and in hand		1,076		998	
		<u>1,760</u>		<u>1,751</u>	
Liabilities					
Creditors: amounts falling due within one year	15	(731)		(640)	
Net current assets			<u>1,029</u>		<u>1,111</u>
Total assets less current liabilities			35,953		36,913
Net assets excluding pension scheme liability					
			35,953		36,913
Pension scheme liability	20		<u>(1,722)</u>		<u>(464)</u>
Total net assets			<u>34,231</u>		<u>36,449</u>
Restricted funds					
Fixed assets fund	17		34,947		35,802
Restricted income fund	17		640		766
Pension reserve	17		<u>(1,722)</u>		<u>(464)</u>
Total restricted funds			<u>33,865</u>		<u>36,104</u>
Unrestricted income funds					
General fund	17		<u>366</u>		<u>345</u>
Total funds			<u>34,231</u>		<u>36,449</u>

The financial statements on page 23 to 46 were approved by the Governors, and authorised for issue on 8.12.16 and are signed on their behalf by:



Cllr Elizabeth Campbell
Chair

The Chelsea Academy (A Science Academy)
Company Limited by Guarantee
Registration Number: 06176090 (England and Wales)

Statement of cash flows Year to 31 August 2016

		2016 £'000	2015 £'000
Net cash flows from operating activities			
Net cash provided by (used in) operating activities	A	55	(236)
Cash flows from investing activities			
	B	23	(21)
Change in cash and cash equivalents in the year		78	(257)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2015		998	1,255
Cash and cash equivalents at 31 August 2016	C	1,076	998

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

	2016 £'000	Restated 2015 £'000
Net expenditure for the year (as per the statement of financial activities)	(1,105)	(1,118)
Adjusted for:		
Depreciation (note 13)	878	1,076
Capital grants from DfE and other capital income	(23)	(23)
Interest receivable (note 4)	—	(2)
Defined benefit pension scheme cost less contributions payable (note 20)	131	110
Defined benefit pension scheme finance cost (note 20)	14	22
Decrease (increase) in debtors	69	(256)
Increase (decrease) in creditors	91	(45)
Net cash provided by (used in) operating activities	55	(236)

B Cash flows from investing activities

	2016 £'000	2015 £'000
Interest received	—	2
Purchase of tangible fixed assets	—	(46)
Capital grants from DfE/EFA	23	23
Net cash provided by (used in) investing activities	23	(21)

C Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	1,076	998
Total cash and cash equivalents	1,076	998

Statement of 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.

Basis of preparation

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

The Chelsea Academy meets the definition of a public benefit entity under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the Academy has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Transition to FRS 102 (continued)

Explanation of transition to FRS 102 (continued)

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Governors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net (expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net (expenditure)	2015 £
Net (expenditure) previously reported under UK GAAP	(1,093)
Change in recognition of LGPS interest cost (A)	(25)
Net (expenditure) reported under FRS 102	(1,118)

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the Academy recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £25,000 and increase the credit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

Other restatement of comparative figures

In addition to the restatement above, the 2015 comparative figures have been restated to ensure catering income and expenditure is shown fully gross within the financial statements. In the previous period this was disclosed net of certain charges and refunds. This has resulted in a £150,000 increase to catering income and catering expenditure.

Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

The General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

Other income

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

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.

Expenditure (continued)

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to the restricted fixed assets fund in the statement of financial activities and are carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed assets fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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:

◆ Buildings	2%
◆ Leasehold improvements	33%
◆ Furniture, fixtures and fittings	20%
◆ Computer equipment	33%
◆ Motor vehicles	20%

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.

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

Pensions benefits

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

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

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

Fund accounting

Unrestricted income funds represents those resources which may be used towards meeting any of the charitable objects of the Academy, at the discretion of the Governors.

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Academy 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.

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

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

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2016.

2 Donations and capital grants

	Restricted funds £000	Restricted fixed assets funds £000	2016 Total funds £000	2015 Total funds £000
Capital grants	—	23	23	23
Other donations	100	—	100	112
	100	23	123	135

3 Other trading activities

	Unrestricted funds £000	Restricted funds £000	2016 Total funds £000	Restated 2015 Total funds £000
Hire of facilities/ lettings income	96	—	96	95
Trip income	81	—	81	81
Catering income	290	—	290	298
Miscellaneous income	129	—	129	34
	596	—	596	508

4 Investments

	Unrestricted funds £000	Restricted funds £000	2016 Total funds £000	2015 Total funds £000
Interest receivable	—	—	—	2
	—	—	—	2

5 Funding for the Academy's educational operations

	Unrestricted funds £000	Restricted funds £000	2016 Total funds £000	2015 Total funds £000
DfE/EFA grants				
. General Annual Grant (GAG) (note 1)	—	7,693	7,693	7,918
. Start Up Grants	—	—	—	69
. Other DfE/EFA grants	—	453	453	498
	—	8,146	8,146	8,485
Other Government grants				
. Local authority grants	—	427	427	194
	—	427	427	194
	—	8,573	8,573	8,679

6 Expenditure

	Staff costs £000	Non pay expenditure		2016 Total funds £000	Restated 2015 Total funds £000
		Premises £000	Other costs £000		
Academy's educational operations (note 7)					
. Direct costs	6,073	878	648	7,599	7,429
. Support costs	731	785	1,282	2,798	3,013
	6,804	1,663	1,930	10,397	10,442

	2016 Total funds £000	2015 Total funds £000
Net expenditure for the year is stated after charging:		
Operating lease rentals	27	25
Depreciation	878	1,076
Fees payable to auditor		
. Statutory audit	11	14
. Other services	14	3

7 Charitable activities – Academy's educational operations

	2016 Total funds £000	Restated 2015 Total funds £000
Direct costs	7,599	7,429
Support costs	2,798	3,013
	10,397	10,442

Analysis of support costs	2016 Total funds £000	Restated 2015 Total funds £000
Support staff costs	731	918
Premises costs	785	848
Other support costs	1,257	1,227
Governance costs (note 8)	25	20
Total support costs	2,798	3,013

8 Governance costs

	2016 Total funds £000	2015 Total funds £000
Legal and professional fees	—	3
Auditor's remuneration:		
· Audit services	11	14
· Non-audit services	14	3
	25	20

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Restricted funds			Restated 2015 Total funds £000
	Unrestricted general fund £000	General £000	Fixed assets fund £000	
Income from:				
Donations and capital grants	—	112	23	135
Charitable activities				
· Funding for the Academy's educational operations	—	8,679	—	8,679
Other trading activities	508	—	—	508
Investments	2	—	—	2
Total income	510	8,791	23	9,324
Expenditure				
Charitable activities				
· Academy's educational operations	460	8,906	1,076	10,442
Total expenditure	460	8,906	1,076	10,442
Net income (expenditure)	50	(115)	(1,053)	(1,118)
Transfers between funds	—	(23)	23	—
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	—	19	—	19
Net movement in funds	50	(119)	(1,030)	(1,099)

10 Staff

(a) Staff costs

Staff costs during the year were:

	2016 Total funds £000	2015 Total funds £000
Wages and salaries	5,229	5,169
Social security costs	460	428
Pension costs	874	756
	6,563	6,353
Supply teacher costs	231	202
Staff restructuring costs	10	37
	6,804	6,592

	2016 £'000	2015 £'000
Staff restructuring costs comprise		
Severance payments	10	37
	10	37

(b) Staff severance payments

Staff restructuring costs above relate to non-statutory or non-contractual severance payments totalling £9,668 (2015 - £36,558). Individually, the payments were £6,668 and £3,000.

(c) Staff numbers

The average number of persons employed by the Academy during the year ended 31 August 2016 was as follows:

Charitable activities	2016 No	2015 No
Teachers	79	85
Administration and support	71	80
Management	11	10
	161	175

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2016 expressed as full time equivalents was as follows:

Charitable activities	2016 No	2015 No
Teachers	78	76
Administration and support	64	73
Management	11	10
	153	159

10 Staff (continued)

(d) Higher paid staff

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

	2016 No	2015 No
£60,001 - £70,000	2	4
£70,001 - £80,000	3	1
£100,001 - £110,000	—	1
£110,001 - £120,000	1	—

All of the above employees participated in either the Teachers' Pension Scheme (TPS) or the Local Government Pension Scheme (LGPS). During the year ended 31 August 2016 pension contributions to TPS for 6 of these staff members amounted to £75,397 (2015 – 5 staff with contributions of £58,151). The other employee in the 2015 period participated in the Local Government Pension Scheme, and pension contributions amounted to £10,103 in 2015.

e) Key management personnel

The key management personnel of the Academy comprise the Governors and the senior management team as listed on page 1. The total value of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £816,728 (2015 - £781,423).

11 Governors' remuneration and expenses

The Principal and Staff Governor only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of Governors' remuneration and other benefits for the period in which they served as a Governor was as follows:

	2016 £'000	2015 £'000
Matthew Williams - Principal (since 1 September 2014)		
. Remuneration	105 – 110	100 – 105
. Employer's pension contributions	15 – 20	15 – 20
Charlotte Harrison - Acting Principal (until 31 August 2014)		
. Remuneration	—	55 – 60
. Employer's pension contributions	—	5 – 10
Tim Gilchrist – Staff Governor		
. Remuneration	45 – 50	35 – 40
. Employer's pension contributions	0 – 5	—

During the year ended 31 August 2016, travel and subsistence expenses totalling £392 (2015 - £485) were reimbursed to two Governors (2015 – two).

Other related party transactions involving the Governors are set out in note 21.

12 Governors' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,380 (2015 - £1,390).

13 Tangible fixed assets

	Leasehold buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total funds £000
Cost					
At 1 September 2015	39,738	792	1,649	28	42,207
Additions	—	—	—	—	—
At 31 August 2016	39,738	792	1,649	28	42,207
Depreciation					
At 1 September 2015	4,017	758	1,602	28	6,405
Charge in year	843	15	20	—	878
At 31 August 2016	4,860	773	1,622	28	7,283
Net book value					
At 31 August 2016	34,878	19	27	—	34,924
At 31 August 2015	35,721	34	47	—	35,802

14 Debtors

	2016 £000	2015 £000
Trade debtors	44	32
VAT recoverable	68	367
Other debtors	47	56
Prepayments and accrued income	525	298
	684	753

15 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	313	263
Taxation and social security	151	129
Other creditors	179	176
Accruals and deferred income	88	72
	731	640
Deferred income (included above)		
Deferred income at 1 September 2015	—	53
Released during the year	—	(53)
Resources deferred in the year	47	—
Deferred income at 31 August 2016	47	—

16 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
. General Annual Grant (GAG)	766	7,693	(7,819)	—	640
. Pupil premium	—	447	(447)	—	—
. Other grants	—	6	(6)	—	—
. Pension reserve	(464)	—	(145)	(1,113)	(1,722)
	302	8,146	(8,417)	(1,113)	(1,082)
Restricted fixed assets fund					
. DfE/EFA capital grants	30,210	23	(878)	—	29,355
. Capital grants from Local Authority	3,649	—	—	—	3,649
. Private sector capital sponsorship	1,943	—	—	—	1,943
	35,802	23	(878)	—	34,947
Other restricted funds					
. Local authority grants	—	427	(427)	—	—
. Other restricted funds	—	100	(100)	—	—
	—	527	(527)	—	—
Total restricted funds	36,104	8,696	(9,822)	(1,113)	33,865
Unrestricted funds					
. General funds	345	596	(575)	—	366
Total unrestricted funds	345	596	(575)	—	366
Total funds	36,449	9,292	(10,397)	(1,113)	34,231

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

Restricted funds**General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 1 discloses whether the limit was exceeded.

Fixed asset fund

These grants relate to funding received from the DfE, EFA and private sponsors to carry out works of a capital nature as part of the School Building project at Lots Road and other fixed assets purchased by the Academy.

Pension reserve

The pension reserve relates to the Academy's share of the deficit in the Local Government Pension Scheme administered by the Royal Borough of Kensington & Chelsea.

17 Analysis of net assets between funds

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset fund £000	Total 2016 £000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	—	—	34,924	34,924
Current assets	366	1,371	23	1,760
Current liabilities	—	(731)	—	(731)
Pension scheme liability	—	(1,722)	—	(1,722)
Total net assets	366	(1,082)	34,947	34,231

18 Commitments under operating leases

Operating leases

At 31 August 2016, the total of the Academy's future minimum lease payments under operating leases was as follows:

	2016 £'000	2015 £'000
Amounts due within one year	29	44
Amounts due between two and five years inclusive	61	85
	90	129

19 Members' liability

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

20 Pension and similar obligations

The Academy'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 Royal Borough of Kensington and Chelsea. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £97,364 were payable to the schemes at 31 August 2016 (2015: £84,100) and are included within creditors.

20 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

20 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

The employer's pension costs paid to TPS in the period amounted to £531,000 (2015: £446,000).

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 Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £302,000, of which employer's contributions totalled £210,000 and employees' contributions totalled £92,000. The agreed contribution rates for future years are 13.3% for employers and between 5.5% and 7.5% 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.

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.1%	4.5%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	2.3%	2.7%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.5	22.4
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	24.8	24.6
Females	28.1	28.0

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,696	1,151
Absolute return portfolio	226	165
Property	94	74
Cash	89	69
Total market value of assets	2,105	1,459
Present value of scheme liabilities		
. Funded	(3,827)	(1,923)
Deficit in the scheme	(1,722)	(464)

	2016 £'000	2015 £'000
Amounts recognised in statement of financial activities		
Current service costs (net of employee contributions)	339	307
Net interest cost	14	19
Total operating charge	353	326
Analysis of pension finance costs		
Interest on plan assets	64	50
Interest on pension liabilities	(78)	(69)
Pension finance costs	(14)	(19)

	2016 £'000	2015 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2015	1,923	1464
Current service cost	339	307
Interest cost	78	66
Employee contributions	92	86
Actuarial loss	1,415	—
Benefits paid	(20)	—
At 31 August 2016	3,827	1,923

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2016 £'000	2015 £'000
At 1 September 2015	1,459	1,113
Interest income	64	50
Actuarial gain	302	19
Employer contributions	210	197
Administration expenses	(2)	(6)
Employee contributions	92	86
Benefits paid	(20)	—
At 31 August 2016	2,105	1,459

21 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The Academy sponsors are the Royal Borough of Kensington and Chelsea (RBKC) and the London Diocesan Board for Schools (LDBS). During the year ended 31 August 2016, £233,354 (2015 - £193,804) was received from RBKC for SEN funding and £185,000 in additional funding. There were no funds received from the LDBS during the year (2015 - £nil).

The Academy bought back a number of services from both sponsors during the year, including payroll support, some IT support and recruitment advertising. During the year payments to RBKC were £164,082, including business rates (2015 - £150,745) and payments of £9,529 were made to LDBS during the year (2015 - £14,883).

The Chelsea Academy Foundation ("the Foundation") is a legally separate charity which is, nevertheless, closely associated with the Academy. The Foundation exists to raise funds to support access for all students, regardless of their financial means, to the range of extended curriculum. During the year, the Foundation agreed to fund £91,187 of the Academy's expenditure (2015 - £85,000) in total, £138,399 was owed to the Academy as at 31 August 2016 (2015 - £132,000).

22 Reconciliation of net movement in funds to operating deficit excluding movements in fixed assets and pension scheme adjustments

	2016 £'000	2015 £'000
Net movement in funds	(2,218)	(1,099)
Add back:		
. Depreciation	878	1,076
. Pension finance costs	14	19
. Pension adjustment to staff costs	131	116
. Actuarial losses on pension scheme	1,113	19
Deduct:		
. Capital grant income	(23)	(23)
Operating deficit excluding movements in fixed assets and pension scheme adjustments	(105)	108