

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

**Annual Report and Financial
Statements**

31 August 2015

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

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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 A Bronkhorst Dr R Eastwood Mr T Gilchrist 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
Senior Leadership Team	(at 31 August 2015)
Principal	Matthew Williams
Vice Principal	Tom Cragg
Vice Principal	Hannah Blake
Vice Principal	Bernie Whittle
Interim Director of Finance and Operations	Dotun Olaleye
Registered address	Lots Road London SW10 0AB
Company registration number	06176090 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

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

Solicitors Winckworth Sherwood LLP
5 Montague Close
London
SE1 9BB

Governors' report Year to 31 August 2015

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 2015. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 30 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

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 2015 and served throughout the year except where shown.

Governor	Appointed	Resigned
Cllr Elizabeth Campbell (Chair)		
Revd Brian Leathard (Vice-Chair)		
Ms Aadila Bronkhorst		
Dr Rodney Eastwood		
Mr Tim Gilchrist		
Mr Robert Hingley		
Ms Diana Huntingford		
Mr Barnaby Lenon		
Cllr Jonathan Read		Resigned 30 November 2014
Ms Rebecca Robinson	Appointed 14 January 2015	
Ms Kate Roskell		
Mr William Salomon		Resigned 12 June 2015
Lady Sarah Sassoon		
Ms Josephine Scorer	Appointed 27 November 2014	
Mr Julian Simmonds	Appointed 26 March 2015	
Mr Matthew Williams	Appointed 1 September 2014	

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.

Policies and procedures adopted an induction and training programme 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;
- ◆ Academy 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)

Organisational structure (continued)

The Principal is responsible for the internal organisation, management and control of the Academy; and for advising on and implementing the Academy's strategic framework. In particular, the Principal and Senior Leadership Team will formulate specific aims and objectives, policies and targets for the Governing Body to consider adopting. The Principal is responsible for discharging many responsibilities on the Governing Body's behalf, as well as for discharging their own responsibilities. The Principal is the Academy's Accounting Officer.

Risk Management

During the year ended 31 August 2015, the risk register has been used by the Governors to ensure that the major risks to which the Academy is exposed have been kept under review, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances.

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 14 to 17.

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 25. 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 25.

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. Over 400 applications were received for Sixth Form entry in September 2015. The Academy is currently oversubscribed for all year groups.

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

OBJECTIVES AND OUTCOMES (continued)

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 the global and local ecological, environmental and ethical impact 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. 80% 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.

The ability profile of the students that attend Chelsea Academy is broadly in line with the national average with some year groups arriving above national average. The catchment is diverse and is significantly above the national average when looking at deprivation indicators. 57.3% of students are eligible for free school meals and a significant number of students have English as an additional language.

Vision Statement

Our vision is to develop outstanding citizens of tomorrow who make a sustained and valuable contribution to society. We will 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 and performance

Review of activities

The main objective during the 2014 to 2015 period was to continue to ensure that students' attainment and achievement were outstanding.

The Academy's second cohort of Year 11 students celebrated their GCSE results in the summer. There was an overall pass rate of 99% for the cohort and 66% of students achieved 5A*-C with English and Maths. This was less than the target agreed with Governors but was a sound set of results when compared to the national average (53%) and in the context of many schools whose results dropped significantly.

It is worth highlighting the success of the languages faculty where all students who were entered for GCSE French or GCSE Spanish passed at a C grade or above. The Science, Maths and English departments also returned excellent GCSE results and new courses such as ECDL were a great success. The increased personalisation of the KS4 curriculum meant that the value added score was 1,010 which is outstanding in terms of the value the Academy adds to students.

The Academy also entered a number of Year 10 students for GCSE exams a year early and the results were particularly impressive in Maths where many students have, in just four years, already made or exceeded the progress that is expected over five years.

A2 results were also good with 56% of the grades awarded being at A* to B. All students passed their A2 exams and 95% of the cohort is now at university. All of these figures are significantly better than previous years and are testament to the hard work of the sixth form team and the quality of leadership at the Academy.

There are a small number of departments whose results remain disappointing and they are working with both internal colleagues and external consultants to improve their examination performance. The Leadership Team and Governors are monitoring progress of these areas during the next year.

The Academy continued to build links with other schools and universities, particularly Imperial College and Harrow School, which have been a major source of support for the science specialism and entrance into Oxford and Cambridge Universities.

Other achievements include:

- ◆ A successful curriculum review which has resulted in more curriculum time for options subjects.
- ◆ Changing the lesson length and the school day so that a CPD slot is created for staff to be trained on the new curriculum changes.
- ◆ Launch of a new behaviour system to reduce the number of escalated detentions whilst ensuring that the relationships between students and staff are positive.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

- ◆ Introduction of the Chelsea Academy Way for Behaviour and the Chelsea Academy Way for Learning and all staff training on both of these aspects of good practice.
- ◆ Training and integration of four new members to the leadership team.
- ◆ Appointment and training of four new members to the Governing Body.
- ◆ Rebranding exercise for the Academy with the 'I love learning' poster campaign across the site.
- ◆ Very well attended Year 7 and Year 12 open evenings.
- ◆ Investments in IT infrastructure, including the transfer of the Academy to a Google cloud based email and intranet system.
- ◆ Tendering for and appointing a new catering company - Elior.
- ◆ Researching an online budget and BACS payment system ready for the next financial year.
- ◆ Re-tendering for an internal auditor and having a full review of internal controls.
- ◆ Purchase and use of HCSS financials to improve the quality of budgeting.

Public benefit

The Governors confirm that they have referred to 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.

Key financial performance indicators

The key financial performance indicators are as follows:

- ◆ achieving the budgeted operating surplus for the current year;
- ◆ ensuring staff costs, including agency and other temporary staffing, remain below 75% of total income excluding other unrestricted income; and
- ◆ having an agreed financial plan for the next two years that demonstrates each year will produce a surplus.

STRATEGIC REPORT (continued)

Financial report for the year

The financial position of the Academy at the year ended 31 August 2015 was sound with each of the separate funds managed by the Academy remaining in surplus apart from the pension reserve.

The pension reserve represents the cost of future pension to staff members is a long term liability.

The results for the year are shown on page 24.

The net reduction in funds for the year was £1,099,000 (2014 – £568,000). This was made up as follows:

- ◆ The operating surplus, which excludes transactions relating to the fixed asset fund and FRS 17 pension transactions, was £67,000.
- ◆ After an actuarial gain in 2013/14 of £30,000, on the Local Government Pension Scheme (LGPS), 2014/15 saw an actuarial loss of £6,000 bringing the overall deficit on the scheme to £464,000. In addition, the valuation of the LGPS resulted in a non-cash charge to expenditure of £110,000 and income of £3,000.

The other factors contributing to the difference between the operating surplus and the net movement in funds were the £23,000 capital income and the depreciation charge of £1,076,000.

Staff costs as a percentage of total income excluding other unrestricted income increased slightly from 71.9% in 2013/14 to 73.5% in 2014/15. This reflects the increase in staff numbers during the year.

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 Business and Operations 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

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. However, given the current constraint placed on reserves in the Funding Agreement with the EFA, the Governors are limited in their capacity to implement the policy. However, the Governors are considering moving to the latest model funding agreement which would overcome this limitation.

The deficit on the pension fund of £464,000 relates to the Academy's share of the obligations under the Local Government Pension Scheme (LGPS). Any cash flows as a result of this deficit will occur over a number of years. In the event of Academy closure, outstanding LGPS liabilities would be met by the Department for Education.

The value of free reserves at the end of the financial year was £345,000, which was significantly below the level of reserves indicated by the policy.

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.

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.

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 seventh year, has experienced significant change over the last 24 months including changes to both its Senior Leadership Team and Governing Body. Given these changes, the Academy is focussing 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 and tolerant community based on Christian values.

Our one year development plan for the academic year 2015 to 2016 is based on a five year strategic plan. The development plan outlines key project headlines and areas that will be worked on by Academy staff throughout the 2015 to 2016 academic year.

Areas for Academy development in 2015 and 2016

There are eleven areas in which the Academy will look to develop over the next year. These are:

1. To ensure that all lessons at Chelsea Academy are at least good.
2. To ensure that every student in the Academy makes progress that is in line with the top 10% of schools nationally.
3. To ensure marking and feedback is used consistently across the Academy to raise the quality and standard of work in books.
4. To refine and develop assessment, tracking and target setting systems so that data is accurate and meaningful.
5. To review post 16 provision so that more Chelsea Academy students can enter and thrive in our sixth form.

PLANS FOR FUTURE PERIODS (continued)

6. To ensure that all students eligible for the pupil premium and year 7 catch-up premium make above expected progress.
7. To develop and refine behaviour and attendance systems, with a focus on praise and rewards, to ensure both are outstanding by the end of the year.
8. To create a positive working relationship with parents and the local community so that Chelsea Academy has a strong reputation locally and continues to be oversubscribed.
9. To review and develop our PSHE, RE and Citizenship Curricula so that students develop into questioning and articulate young adults. To ensure that our Christian ethos is woven through these strands and through all aspects of Academy life so that we achieve an 'outstanding' grading from our SIAMS inspection.
10. To explore innovative ways of developing, training and retaining staff at Chelsea Academy.
11. To ensure that the Academy meets all statutory financial best practice standards and automates financial systems to continue to ensure EFA compliance.

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: 8.12.15

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 Aadila Bronkhorst	4	4
Dr Rodney Eastwood	4	4
Mr Tim Gilchrist	4	4
Mr Robert Hingley	4	4
Ms Diana Huntingford	4	4
Mr Barnaby Lenon	3	4
Cllr Jonathan Read	1	2
Ms Rebecca Robinson	2	2
Ms Kate Roskell	4	4
Mr William Salomon	3	3
Lady Sarah Sassoon	4	4
Ms Josephine Scorer	3	3
Mr Julian Simmonds	1	1
Mr Matthew Williams	4	4

Governance reviews

The Governors continued to review their direction during the year and following the changes of leadership of both the Governing Body and the Academy during the year, it was appropriate that a governance review was initiated. The first full set of exam results and the fact that the Academy had been open for five years provided an opportunity to reflect on how governance had impacted upon the Academy. The Governors have embarked on a process of self-evaluation and training in conjunction with the Leadership Team. Training for the Governors and Leadership Team has taken place in conjunction with the National Governors Association, and a programme for joint training has been formulated with the aim of producing a thorough self-review.

Governance (continued)

The **Business Operations 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)	3	3
Cllr Elizabeth Campbell	3	3
Dr Rodney Eastwood	3	3
Mr Tim Gilchrist	3	3
Ms Rebecca Robinson	2	2
Mr Julian Simmonds	1	1
Mr William Salomon	1	2
Mr Matthew Williams	3	3

In addition to the Business Operations Committee, Governance is exercised through a number of other Committees, including the Students and Curriculum Committee, the Audit Committee and the Remuneration Committee. The attendance at audit committee meetings was as follows:

Governor	Meetings attended	Out of a possible
Dr Rodney Eastwood (Chair)	2	2
Mr Robert Hingley	2	2
Cllr Elizabeth Campbell	1	1
Mr Tim Gilchrist	1	1
Ms Kate Roskill	1	1
Mr Matthew Williams	1	1
Mr Inigo Woolf	1	1
Ms Josephine Scorer	1	1

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 to the Business Operations Committee for scrutiny and justification for value for money. This includes a new catering contract in the last year.

Review of value for money (continued)

- ◆ 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. Other than as described below, the system of internal control has been in place at the Academy for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Falsification of quotations in one area of the Academy's business was identified and promptly dealt with. The Academy investigated the matter, suspended the member of staff responsible and reported the incident to the police and the EFA. The EFA has confirmed to the Academy that based on the actions the academy has and is taking, it has agreed to close the matter. The Academy has taken action to prevent recurrence of this incident.

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 2015 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 Business Operations 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;

The risk and control framework (continued)

- ◆ 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 Robert Ashdown, a Chartered Accountant and a Registered Auditor, 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 2015, the Governors confirm that the internal audit function has been fully delivered in line with requirements of the EFA and the Internal Auditor is not aware of any material internal control issues in the year, other than those noted above. The Academy is in the process of appointing a new internal auditor.

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 Business Operations of the implications of his review of the system of internal control by the Business Operations Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



(Chair of Governors)



(Accounting Officer)

Approved on: 8.12.15

Statement on regularity, propriety and compliance 31 August 2015

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 trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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 can confirm that in the year 2014 to 2015 I discovered falsification of quotations in one area of the Academy's business and this has been promptly dealt with. The Academy investigated the matter, suspended the member of staff responsible and reported the incident to the police and the EFA. The EFA has confirmed to the Academy that based on the actions the academy has and is taking, it has agreed to close the matter. The Academy has taken action to prevent recurrence of any similar incidents.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date with the exception of the matter identified above. 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: 8/12/15

Statement of governors' responsibilities 31 August 2015

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 incoming resources and application of resources, including 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' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 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 8.12.15 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 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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 2014 to 2015 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.

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 2015 and of its incoming resources and application of resources, including 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 Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

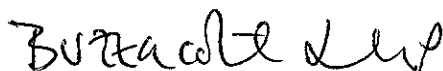
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

17 December 2015

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 2014 to 2015, 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 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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)'s funding agreement with the Secretary of State for Education dated 2 April 2007 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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

Except for the matter referred to in the governance statement in relation to a financial procedure not operating at the level required by the Academies Financial Handbook, 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 2014 to 31 August 2015 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

17 December 2015

Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) Year to 31 August 2015

	Notes	Unrestricted general fund £000	Restricted funds		2015 Total funds £000	2014 Total funds £000
			General £000	Fixed assets fund £000		
Incoming resources						
Incoming resources from generated funds						
. Voluntary income	2	—	112	—	112	104
. Activities for generating funds	3	95	—	—	95	84
. Investment income	4	2	3	—	5	3
Incoming resources from charitable activities						
. Funding for the Academy's educational operations	5	263	8,679	23	8,965	8,766
Total incoming resources		360	8,794	23	9,177	8,957
Resources expended						
Charitable activities						
. Academy's educational operations	7	310	8,864	1,076	10,250	9,536
Governance costs	8	—	20	—	20	19
Total resources expended	6	310	8,884	1,076	10,270	9,555
Net incoming (outgoing) resources before transfers						
		50	(90)	(1,053)	(1,093)	(598)
Gross transfers between funds						
	15	—	(23)	23	—	—
Net income (expenditure) for the year						
		50	(113)	(1,030)	(1,093)	(598)
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme						
	24	—	(6)	—	(6)	30
Net movement in funds						
		50	(119)	(1,030)	(1,099)	(568)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2014						
		295	421	36,832	37,548	38,116
Total fund balances carried forward at 31 August 2015						
	15	345	302	35,802	36,449	37,548

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 2015

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible fixed assets	12		35,802		36,832
Current assets					
Debtors	13	753		497	
Cash at bank and in hand		998		1,255	
		<u>1,751</u>		<u>1,752</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(640)		(685)	
Net current assets			<u>1,111</u>		<u>1,067</u>
Net assets excluding pension scheme liability					
			36,913		37,899
Pension scheme liability	24		(464)		(351)
Net assets including pension scheme liability			<u>36,449</u>		<u>37,548</u>
Funds of the Academy					
Restricted income funds					
. Fixed assets fund	15		35,802		36,832
. General fund	15		766		772
. Pension reserve	15		(464)		(351)
			<u>36,104</u>		<u>37,253</u>
Unrestricted funds					
. General fund	15		345		295
Total funds			<u>36,449</u>		<u>37,548</u>

The financial statements on page 24 to 44 were approved by the Governors, and authorised for issue on 8.12.15 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)

Cash flow statement Year to 31 August 2015

	Notes	2015 £000	2014 £000
Net cash (outflow) inflow from operating activities	19	(236)	263
Returns on investment and servicing of finance	20	2	3
Capital expenditure	21	(23)	(94)
(Decrease) increase in cash in the year		(257)	172
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2014		1,255	1,083
Net funds at 31 August 2015		998	1,255

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, are set out below.

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 company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The General Annual Grant (GAG) is recognised in full in the year for which it is receivable, and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

Resources expended

All expenditure is recognised in the period in which the liability is incurred and has been classified under headings that aggregate all costs related to that category.

Charitable activities

These are costs incurred on the Academy's educational operations. The cost of generating funds was previously separated out however given the related amounts are immaterial they have now been included in charitable activities and the comparative restated.

Governance costs

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

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%

Tangible fixed assets (continued)

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.

Leased assets

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

Taxation

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the charitable company is potentially exempt from taxation in respect of income and 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.

Pension 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 and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is, therefore, treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Pension 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 method and are discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to that of 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 gains and losses on settlements and curtailments. They are included as part of the staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2015 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 2015.

2 Voluntary income

	Unrestricted funds £000	Restricted funds £000	2015 Total funds £000	2014 Total funds £000
Donation from Chelsea Academy Foundation (note 25)	—	85	85	79
Other donations	—	27	27	25
	—	112	112	104

3 Activities for generating funds

	Unrestricted funds £000	Restricted funds £000	2015 Total funds £000	2014 Total funds £000
Hire of facilities	95	—	95	84

4 Investment income

	Unrestricted funds £000	Restricted funds £000	2015 Total funds £000	2014 Total funds £000
Interest receivable	2	—	2	3
FRS 17 adjustment – interest on pension scheme assets (note 24)	—	3	3	—
	2	3	5	3

5 Funding for the Academy's educational operations

	Unrestricted funds £000	Restricted funds £000	2015 Total funds £000	2014 Total funds £000
Capital grants				
. Devolved Formula Capital	—	23	23	32
EFA revenue grants				
. General Annual Grant (GAG) (note 1)	—	7,918	7,918	7,423
. Pupil premium	—	459	459	512
. Start up grants	—	69	69	92
. Other EFA grants	—	39	39	45
	—	8,485	8,485	8,072
Other government grants				
. RBKC – Special Educational Needs (SEN)	—	194	194	260
	—	194	194	260
Other educational incoming resources				
. Music tuition	21	—	21	16
. Catering	148	—	148	163
. Trips	81	—	81	160
. Miscellaneous	13	—	13	63
	263	—	263	402
	263	8,702	8,965	8,766

6 Resources expended

	Staff costs £000	Non pay expenditure		2015 Total funds £000	2014 Total funds £000
		Premises £000	Other costs £000		
Charitable activities					
. Academy's educational operations (note 7)					
.. Direct costs	5,637	1,076	716	7,429	6,872
.. Support costs	955	577	1,289	2,821	2,664
	6,592	1,653	2,005	10,250	9,536
Governance costs (note 8)					
	—	—	20	20	19
	6,592	1,653	2,025	10,270	9,555

6 Resources expended (continued)

	2015 Total funds £000	2014 Total funds £000
Net outgoing resources for the year is stated after charging:		
Operating leases	25	28
Fees payable to auditor		
· Statutory audit	14	15
· Other services	3	2

7 Charitable activities – Academy's educational operations

	2015 Total funds £000	2014 Total funds £000
Direct costs		
Teaching and educational support staff costs	5,637	5,342
Depreciation	1,076	1,014
Technology costs	260	61
Educational supplies	273	304
Examination fees	101	90
Staff development	48	46
Educational visits	34	15
	7,429	6,872
Support costs		
Support staff costs	955	888
Recruitment and support	26	51
Maintenance of premises and equipment	299	203
Cleaning	154	139
Rent and rates	103	104
Energy costs	164	164
Insurance	65	63
Security and transport	21	2
Catering	368	408
School trips	109	186
Office overheads	63	134
FRS17 interest cost on pension scheme (note 24)	—	4
Other support costs	494	318
	2,821	2,664
	10,250	9,536

8 Governance costs

	2015 Total funds £000	2014 Total funds £000
Legal and professional fees	3	—
Auditor's remuneration:		
· Audit services	14	15
· Non-audit services	3	2
Governors' reimbursed expenses	—	2
	20	19

9 Staff

(a) Staff costs

Staff costs during the year were:

	2015 Total funds £000	2014 Total funds £000
Wages and salaries	5,169	4,940
Social security costs	428	406
Pension costs	646	626
	6,243	5,972
Supply teacher costs	92	56
Staff restructuring costs	37	—
Other agency staff costs	110	57
	6,482	6,085
FRS 17 adjustment to staff costs (note 24)	110	145
	6,592	6,230

(b) Staff severance payments

Staff restructuring costs above relate to non-statutory or non-contractual severance payments totalling £36,558 (2014 - £nil). Payments were made to one individual.

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the year expressed as a full time equivalents was as follows:

Charitable activities	2015 No	2014 No
Teachers	76	71
Administration and support	73	68
Management	10	9
	159	148

9 Staff (continued)

(d) Higher paid staff

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

	2015 No	2014 No
£60,001 - £70,000	4	4
£70,001 - £80,000	1	1
£100,001 - £110,000	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 2015 pension contributions to TPS for five of these staff members amounted to £58,151 (2014 - £51,079). The other employee participated in the Local Government Pension Scheme, and pension contributions amounted to £10,103 (2014 - £5,151).

10 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:

	2015 £'000	2014 £'000
Matthew Williams - Principal (since 1 September 2014)		
. Remuneration	100 – 105	—
. Employer's pension contributions	15 – 20	—
Charlotte Harrison - Acting Principal (until 31 August 2014)		
. Remuneration	55 – 60	90 – 95
. Employer's pension contributions	5 – 10	10 – 15
Tim Gilchrist – Staff Governor (since 6 January 2014)		
. Remuneration	35 – 40	20 – 25
. Employer's pension contributions	—	0 – 5
Gareth Jones – Staff Governor (until 5 January 2014)		
. Remuneration	—	15 – 20
. Employer's pension contributions	—	0 – 5

During the year ended 31 August 2015, travel and subsistence expenses totalling £485 (2014 - £1,578) were reimbursed to two Governors (2014 – two).

Other related party transactions involving the Governors are set out in note 25.

11 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 2015 was £1,390 (2014 - £1,363).

12 Tangible fixed assets

	Leasehold buildings £000	Leasehold additions £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total funds £000
Cost						
At 1 September 2014	39,584	154	792	1,603	28	42,161
Additions	—	—	—	46	—	46
At 31 August 2015	39,584	154	792	1,649	28	42,207
Depreciation						
At 1 September 2014	3,166	8	600	1,528	27	5,329
Charge in year	792	51	158	74	1	1,076
At 31 August 2015	3,958	59	758	1,602	28	6,405
Net book value						
At 31 August 2015	35,626	95	34	47	—	35,802
At 31 August 2014	36,418	146	192	75	1	36,832

13 Debtors

	2015 £000	2014 £000
Trade debtors	32	80
Prepayments and accrued income	98	138
VAT recoverable	367	219
Other debtors	256	60
	753	497

14 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	263	271
Taxation and social security	129	124
Other creditors	176	206
Accruals and deferred income	72	84
	640	685
Deferred income (included above)		
Deferred income at 1 September 2014	53	124
Resources deferred in the year	—	53
Amounts released from previous years	(53)	(124)
Deferred income at 31 August 2015	—	53

15 Funds

	Balance at 1 September 2014 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2015 £000
Restricted general fund					
. General Annual Grant (GAG)	654	7,895	(7,760)	(23)	766
. Start Up Grant	—	69	(69)	—	—
. Pupil premium	—	459	(459)	—	—
. Other EFA	—	62	(62)	—	—
. Other grants	3	194	(197)	—	—
. Pension reserve	(351)	3	(110)	(6)	(464)
	306	8,682	(8,657)	(29)	302
. Chelsea Academy Foundation donations	88	85	(173)	—	—
. Other donations	27	27	(54)	—	—
Restricted general funds	421	8,794	(8,884)	(29)	302
Fixed assets fund					
. EFA capital grants	31,240	23	(1,076)	23	30,210
. Capital grants from Local Authority	3,649	—	—	—	3,649
. Private sector capital sponsorship	1,943	—	—	—	1,943
	36,832	23	(1,076)	23	35,802
Total restricted funds	37,253	8,817	(9,960)	(6)	36,104
Unrestricted funds					
. Unrestricted funds	295	360	(310)	—	345
Total funds	37,548	9,177	(10,270)	(6)	36,449

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 Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. 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. During the year ended 31 August 2015 £23,000 was transferred from the GAG surplus to supplement the capital income in order to meet the capital expenditure.

16 Funds (continued)

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 2015 £000
Fund balances at 31 August 2015 are represented by:				
Tangible fixed assets	—	—	35,802	35,802
Current assets	345	1,406	—	1,751
Current liabilities	—	(640)	—	(640)
Pension scheme liability	—	(464)	—	(464)
Total net assets	345	302	35,802	36,449

18 Financial commitments

Operating leases

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

	2015 £000	2014 £000
Land and buildings		
Expiring within one year	17	—
Expiring within two and five years inclusive	—	24
	17	24
Other		
Expiring within two and five years inclusive	20	3
	20	3

19 Reconciliation of net expenditure to net cash (outflow) inflow from operating activities

	2015 £000	2014 £000
Net expenditure	(1,093)	(598)
Depreciation (note 12)	1,076	1,014
Capital grants from DfE and other capital income	(23)	(32)
Interest receivable (note 4)	(2)	(3)
FRS 17 pension cost less contributions payable (note 24)	110	145
FRS 17 pension finance income (note 24)	(3)	4
Increase in debtors	(256)	(59)
Decrease in creditors	(45)	(208)
Net cash (outflow) inflow from operating activities	(236)	263

20 Returns on investment and servicing of finance

	2015 £000	2014 £000
Interest received	2	3
Net cash inflow from returns on investment and servicing of finance	2	3

21 Capital expenditure and financial investment

	2015 £000	2014 £000
Purchase of tangible fixed assets	(46)	(126)
Capital grants from DfE / EFA	23	32
Net cash outflow from capital expenditure and financial investments	(23)	(94)

22 Analysis of changes in net funds

	At 1 September 2014 £000	Cashflows £000	At 31 August 2015 £000
Cash in hand and at bank	1,255	(257)	998

23 Members' liability

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

24 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 defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £84,100 (2014 - £85,600) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

24 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ 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%

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 2015 was £283,000, of which employer's contributions totalled £197,000 and employees' contributions totalled £86,000. The agreed contribution rates for future years are 13.3% of employers and 5.5% and 7.5% of 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 2015	At 31 August 2014
Rate of increase in salaries	4.5%	4.5%
Rate of increase for pensions in payment / inflation	2.7%	2.7%
Discount rate for scheme liabilities	4.0%	4.0%
Inflation assumption (CPI)	2.7%	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 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.4	22.3
Females	25.7	25.5
<i>Retiring in 20 years</i>		
Males	24.6	24.5
Females	28.0	27.9

24 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £000	Expected return at 31 August 2014	Fair value at 31 August 2014 £000
Equities		1,151	6.0%	781
Target Return Portfolio		165	4.5%	276
Property		74	5.0%	37
Cash		69	0.5%	19
Total market value of assets	6.0%	1,459	5.5%	1,113
Present value of scheme liabilities		(1,923)		(1,464)
(Deficit) in the scheme		(464)		(351)

The actual return on scheme assets was £63,000. For the year to 31 August 2015, the actuary for the scheme has elected to use one expected rate of return for all asset classes.

	2015 £000	2014 £000
Amounts recognised in statement of financial activities		
<i>Current service costs (net of employee contributions)</i>	307	331
Total operating charge	307	331
Analysis of pension finance (income)/costs		
Expected return on pension scheme assets	(69)	(62)
Interest on pension liabilities	66	66
Pension finance (income)/costs	(3)	4

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a gain of £8,000.

	2015 £000	2014 £000
Movements in the overall deficit were as follows:		
Deficit at 1 September 2014	(351)	(232)
Current service cost	(307)	(331)
Employer contributions	197	186
Net finance income/(interest)	3	(4)
Actuarial (losses) gains	(6)	30
At 31 August 2015	(464)	(351)

24 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Movements in the present value of defined benefit obligations were as follows:	2015 £000	2014 £000
At 1 September 2014	1,464	1,071
Current service costs	307	331
Interest costs	66	66
Employee contributions	86	79
Actuarial gain	—	(83)
At 31 August 2015	1,923	1,464

Movements in the fair value of Academy's share of scheme assets:	2015 £000	2014 £000
At 1 September 2014	1,113	839
Expected return on assets	69	62
Actuarial (loss)	(6)	(53)
Employer contributions	197	186
Employee contributions	86	79
At 31 August 2015	1,459	1,113

The estimated value of the employer contributions for the year ending 31 August 2016 is £225,000.

The five year history of experience adjustments are as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(1,923)	(1,464)	(1,071)	(722)	(358)
Fair value of share scheme assets	1,459	1,113	839	453	324
Deficit on the scheme	(464)	(351)	(232)	(269)	(34)
Experience adjustments on share of scheme assets					
Amount	(6)	(53)	86	(9)	38
Experience adjustments on scheme liabilities					
Amount	—	439	—	—	(22)

25 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 2015 £193,804 (2014 - £260,367) was received from RBKC for SEN funding. There were no funds received from the LDBS during the year (2014 - £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 £150,745 including business rates (2014 - £83,202) and payments of £14,883 were made to LDBS during the year (2014 - £35,900).

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 £85,000 of the Academy's expenditure (2014 - £79,000) in total, £132,000 was owing to the Academy at 31 August 2015 (2014 - £17,000).