

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

**Annual Report and Financial  
Statements**

31 August 2021

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

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## Reference and administrative information

<b>Members</b>	London Diocesan Board for Schools The Royal Borough of Kensington and Chelsea The Bishop of Kensington (appointed 4 September 2020)
<b>Governors</b>	Lady Sassoon (Chair) Mrs J Birkett (Vice-Chair) Mrs M Ardron Mrs S Harris Reverend S Hole Mr J Lansley-Gordon (from 14 October 2021) Mr M Lami (until 7 October 2021) Mrs N Lupton Mrs L Malkin Mr D Olaleye (until 18 October 2021) Dr M Richards (until 31 August 2021) Mrs K Roskell Mrs T Salam (from 10 December 2020) Mr J Simmonds Ms C Williams
<b>Company Secretary</b>	Lucian Boyd Harte
<b>Senior Leadership Team</b>	
Principal	Mariella Ardron
Senior Vice Principal	Bernie Whittle
Vice Principal	Niamh McGuinness
Director of Finance and Operations	Lucian Boyd Harte
Assistant Principal	David Greene
Assistant Principal	Joanne Holgate
Assistant Principal	Emma Rickford
Assistant Principal	David Whitley

## Reference and administrative information

<b>Registered address</b>	Lots Road London SW10 0AB
<b>Company registration number</b>	06176090 (England and Wales)
<b>External Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Internal Auditor</b>	MacIntyre Hudson LLP 2 London Wall Place Barbican London EC2Y 5AU
<b>Bankers</b>	HSBC Bank Plc 25 Notting Hill Gate London W11 3JJ
<b>Solicitors</b>	Eversheds Sutherland LLP One Wood Street London EC2V 7WS

## **Governors' report** Year to 31 August 2021

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 2021. 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 32 to 37 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).

The Academy trust operates an academy for students aged 11 to 18 serving the local community and the wider population of West London who want a Church of England faith school. This means that while the majority of our students live within one mile of the Academy (including those living in neighbouring boroughs of Wandsworth and Hammersmith and Fulham), a number do travel several miles to attend. It has a student capacity of 900 aged 11 to 16 and a maximum capacity of 350 for 16 to 18 year old places. The Academy had a roll of 1196 in the school census on 7th October 2021.

### **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 served during the year as shown below:

<b>Governor</b>	<b>Appointed</b>	<b>Resigned</b>
Lady Sassoon (Chair)		
Ms Joanna Birkett (Vice-Chair)		
Ms Mariella Ardron	1 September 2020	
Mrs Susan Harris		
Reverend Dr Sam Hole		
Mr Jonathan Lansley-Gordon	14 October 2021	
Mr Massimiliano Lami		7 October 2021
Ms Nicola Lupton		
Ms Laura Malkin		
Mr Dotun Olaleye		18 October 2021
Dr Mark Richards		31 August 2021
Ms Kate Roskell		
Ms Tabia Salam	10 December 2020	
Mr Julian Simmonds		
Ms Catherine 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 core 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 and Skills Funding Agency (ESFA).

## **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 his/her own responsibilities. The Principal is the Academy's Accounting Officer.

### **Arrangements for setting pay and remuneration of key management personnel**

Key management personnel comprise the Governors and the Senior Leadership Team as shown on page 1. As directors of the company, the Governors of the Academy are classed as key management personnel together with the Senior Leadership Team. However, their role is non-executive and the day-to-day management of the Academy is undertaken by the Senior Leadership Team. The Governors are not remunerated for their role as Governors.

The Remuneration Committee delegates the day-to-day implementation of the Pay Policy to the Principal. This includes setting initial pay levels, within the agreed pay structure, for all new staff and existing staff being appointed to new positions. It also includes decisions regarding the awarding of additional responsibility allowances and any revision of pay scales resulting from agreed changes to job descriptions, other than changes affecting Senior Leadership Team posts.

The Remuneration Committee is responsible for any decisions regarding exceptions to the pay policy and any changes relating to the pay of the Vice Principals, Director of Finance and Operations and Principal.

*The Remuneration Committee will consider movement by a member of staff by more than one point on the Academy's pay scale only in exceptional circumstances.*

The responsibility for performance management, with the exception of that of the Principal, is delegated to the Principal and subsequently to other line managers. All pay decisions for the Vice Principals and Director of Finance and Operations will be based on recommendations by the Principal and for the Principal it will be based on the recommendation of the Chair of Governors and the Chair of the Remuneration Committee. The Remuneration Committee, acting on behalf of the Board of Governors, will quality control these decisions and ensure that they are fair and transparently applied. The Remuneration Committee will also consider pay progression of over one point.

Leadership pay is within the recommended minimum and maximum thresholds of the Standard Teachers Pay and Conditions Document (STPCD) 2020 (paragraph 4.4, page 11, STPCD, 2020).

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Trade union facility time**

**Relevant union officials**

<b>Number of employees who were relevant union officials during the period</b>	<b>Full-time equivalent employee number</b>
2	2

**Percentage of time spent on facility time**

<b>Percentage of time</b>	<b>Number of employees</b>
1% - 50%	2

**Percentage of pay bill spent on facility time**

Total cost of facility time	£798
Total pay bill	£6,818,000
Percentage of the total pay bill spent on facility time	0.01%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	10.53%
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**Risk management**

During the year ended 31 August 2021, 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 teaching, the 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 page 17.

In line with Academy Financial Handbook 2020 best practice the terms of reference and remit of our originally named Finance and Audit Committee was expanded to better reflect the importance of managing the Academy's risk, with the committee also becoming the Finance, Risk and Audit Committee.

**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 20.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Connected organisations, including related party relationships** (continued)

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 20.

## **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 who attend the Academy.

The Academy opened in September 2009 and has places for 180 students per year group. Over 850 applications were received for the Academy's current Year 7 cohort.

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 and July 2017. It was awarded the Investors in People Gold Kitemark for the fifth time in June 2020. In October 2020 the Academy received an Ofsted monitoring visit in accordance with Ofsted's published procedures for visiting schools whilst routine inspections were temporarily suspended.

The Academy's historic 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. 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.

Currently 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 Academy encourages academic success in all disciplines but also recognises and celebrates the need to develop the whole child. The Academy has outstanding pastoral structures and processes to support, educate and safeguard students and has a highly aspirational Personal Development programme. This includes an Extended Curriculum through which students flourish and gain significant cultural capital.

The ability profile of the students who attend Chelsea Academy is slightly above the national average. The catchment is diverse and its deprivation indicators are slightly worse than the national average according to Analyse School Performance (ASP). Student mobility has changed and there has been a marked increase in movement since the start of the pandemic.

## **OBJECTIVES AND OUTCOMES** (continued)

### **Vision Statement**

In 2019 we revisited and revised our vision, mission and values and sharpened our curriculum intent. Chelsea Academy is Anchored in Christ. This roots all that we do in a shared vision so that we can achieve excellence.

- ◆ Our vision is learning together to flourish.
- ◆ Our mission is to work hard, be kind and no excuses.
- ◆ Our values are joy, perseverance, forgiveness, charity and servant leadership.
- ◆ The Principal's vision is that:

We will be a diverse and inclusive community welcoming both students and staff with open arms. Our Christian values will anchor us, providing the framework with which to live, learn and work together through kindness and love.

Throughout their time at Chelsea Academy each student will flourish, benefitting from a rich academic curriculum and strong pastoral care. Learning will excite, inspire and challenge. Beyond the taught curriculum there will be many opportunities for students to develop their interests and passions. We aspire to acknowledge and embrace vulnerability. All students will develop: resilience, wisdom, hope and skills with which to lead happy, healthy and fulfilling lives.

## **STRATEGIC REPORT**

### **Achievements, performance and review of activities**

2020-21 presented the Academy with new and unexpected challenges as the pandemic continued into another academic year. The new Principal, appointed in February 2020, reopened the Academy for a Covid-safe return of all students and staff in September 2020.

We celebrated strong Centre Assessed Grades (CAGs) and saw nearly all of our Year 13 go on to university including Cambridge and a high number of Russell Group universities. Careful and considered planning saw the Academy site reopen so that students were kept in their Year 'bubbles' in Year Zones for all lessons as well as designated Year recreation areas. The Academy operated staggered starts and ends to the day and used an increased number of egress points to ensure bubbles did not mix. There was some reduced curriculum access; for example Key Stage 3 students could not access the full range of practical subjects such as Food Technology or Music. There was also a continuation of enhanced cleaning regimes and use of sanitizers at all entrance points. In compliance with DfE guidance, staff and students wore masks in all communal areas and some of our community opted to wear masks in classrooms. We operated a strict Visitors policy to restrict visits to all but essential visitors.

The Academy updated its COVID 19 risk register and further updated this as and when guidance and legislation changed. This was shared with all stakeholders.

On our immediate return in January the country went into a national lockdown. The Academy closed to all but Vulnerable or Key Worker children. The Academy swiftly moved to Remote Learning for nearly all students. This offer was considerably more advanced than during the spring of 2020. Any student who needed a device was provided with one. Our on-site provision saw c.45 students on site every day. Staff delivering provisions on site came in as well as those staff who chose to teach virtual lessons from the Academy rather than from their homes. Students returned in March after all schools were reopened, after on-site testing for all students (with consent). Masks were worn throughout the Academy and staff and students moved to twice weekly home Lateral flow Testing.

Teacher Assessed Grades were submitted for every student in Year 11 and Year 13 due to the cancellation of public examinations. This was done through a rigorous process, informed by formal assessments. Despite the challenges that have been detailed, the Academy went on to achieve nearly all of the priorities in the 2020-2021 Academy Development Plan. Where this could not happen this was as a result of Covid. Through the Academy Development Plan the Leadership Team has begun to make progress with the priorities in the new Five Year Plan (2020-2025).

### **Public benefit**

The Governors confirm that they have considered the advice 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.

## STRATEGIC REPORT (continued)

### Financial review

#### *Financial report for the year*

The financial position of the Academy at 31 August 2021 was sound. The Academy incurred an operating surplus of £278,000 (2020 – surplus of £66,000 equivalent to 0.79% of its income). The reconciliation between the net movement in funds and the operating surplus above is shown in note 22.

The results for the year are shown on page 28.

The net decrease in funds for the year was £1,770,000 (2020 – net increase of £461,000). This was made up as follows:

- ◆ The operating surplus, which excludes transactions relating to the fixed asset fund and FRS 102 pension liability adjustments, was £278,000 (2020 – surplus of £66,000).
- ◆ The actuarial losses in the year were £767,000 (2020 – gains of £636,000). In addition, the valuation of the Local Government Pension Scheme (LGPS) resulted in a non-cash charge to expenditure of £463,000 (2020 – £375,000).
- ◆ The other factors contributing to the difference between the operating surplus and the net movement in funds were the depreciation charge of £908,000 (2020 –£857,000), fixed asset fund income of £96,000 (2020 – £1,001,000) and transfers of £30,000 (2020 – £5,000) representing restricted income funds utilised on fixed asset purchases.

The pension liability adjustments and depreciation charge have had no cash impact on the Academy or other effect on its normal operations during the year to 31 August 2020. 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 capital grants, decreased from 78.2% in 2019/20 to 76% in 2020/21 (excluding notional pension adjustments for the LGPS).

#### *Financial and risk management objectives and policies*

The Academy's risk management system is designed to involve all the relevant members of the Leadership Team. The strategic risk register is reviewed at each of its meetings by the Finance, Risk 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 2021 the Academy had reserves of £1,377,000 (2020 – £1,129,000) made up of unrestricted funds (also free reserves) of £552,000 (2020 – £498,000) and £825,000 (2020 – £631,000) restricted general funds, which may be used for any education-related purpose. This capital would cover the Academy for 2 months' worth of its payroll costs (circa £525,000 per month). 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, future investments and any other unforeseen contingencies.

The Governors aim to maintain 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 those 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 are three 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;
- ◆ falling demand for places, both for Year 7 and Sixth Form, particularly as a result of increased local provision and changing demographics; and
- ◆ retaining and recruiting high quality staff.

The Academy is mitigating these risks through seeking to ensure that we have a balanced budget, modelling different budget scenarios and ensuring the Academy has time to implement changes, if required. The Principal sits on the Schools Forum so has access to forward projections from the LA and can plan for the impact on the Academy.

There is an ongoing programme to promote the Academy, its offering and its successes, to potential applicants and their families. Careful monitoring of expected public exam results is carried out with remedial action put into place as necessary.

The funding of both the Teachers' Pension Scheme and Local Government Pension Scheme remain the major non-operational financial risks for the Academy.

## **FUNDRAISING**

Chelsea Academy did not carry out any direct fundraising in 2020/21 but cooperates closely with Chelsea Academy Foundation (a related party – see note 20) which works to support the Academy via its own fundraising and its own donations back to Chelsea Academy.

## **PLANS FOR FUTURE PERIODS**

### **The Academy development plan**

The Academy is now in its 13th year and continues to aspire to be 'one of the best schools in London by 2025' in every sense of the word. We have four priorities between now and 2025. These are detailed in a Five Year Plan (2020-2025) with criteria for each of the four priorities. These are:

*Priority 1: Ensure that all students are prepared for a successful future with a strong focus on pastoral care and careers education that outlines pathways for individual success*

*Priority 2: Ensure that staff are looked after and their wellbeing and professional development are protected and enhanced*

*Priority 3: Ensure that the Academy is successful*

*Priority 4: Ensure that the Academy remains an excellent Church of England School that celebrates the diversity of the community it serves.*

Our annual Academy Development Plan details actions, key individuals and potential impact to ensure that we meet key strands of each of the four priorities by the end of 2021.

### **Areas for Academy development in 2021 and 2022**

- ◆ Ensure the KS3 curriculum is fit for purpose, meets the needs of all learners and allows for strong progression at KS4
- ◆ Ensure that outcomes remain in the top 10% of schools nationally
- ◆ The recruitment and retention of staff is prioritized so that the quality of education remains excellent
- ◆ Ensure we are the first choice for local families and for those eligible for a foundation (church) place
- ◆ Ensure we retain a balanced budget despite increasing costs.

## Governors' report Year to 31 August 2021

### AUDITOR

Insofar 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:

*Sarah Sassoon*

Lady Sassoon  
Chair of Governors  
Date: 08/12/21

### **Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that 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 are 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**

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for 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:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Lady Sassoon (Chair)	4	4
Ms Joanna Birkett (Vice-Chair)	4	4
Ms Mariella Ardron	4	4
Revd Sam Hole	4	4
Mrs Susan Harris	4	4
Mr Massimiliano Lami	3	4
Ms Nicola Lupton	4	4
Ms Laura Malkin	4	4
Mr Dotun Olaleye	2	4
Dr Mark Richards	3	4
Ms Kate Roskell	4	4
Ms Tabia Salam	2	2
Mr Julian Simmonds	4	4
Ms Catherine Williams	4	4

The Board met fewer than six times in 2020/21. It has maintained effective oversight of funds with fewer meetings by delegating certain areas to sub-committees, which are described on the following pages. The board receives a range of data from both internal and external nationally recognised sources such as DfE, ALPs and Pixel reports to help it carry out governance.

### **Governance reviews**

Governance was reviewed in June 2021 by our internal auditors. A formal internal governance review took place in November 2018. Since then and throughout lockdown the Governors have embarked on a process of self-evaluation and training in conjunction with the Leadership Team. The Governors have completed a skills audit and a 360° review of the Chair has taken place. Training sessions have looked at five year strategic planning, safeguarding, SEN and the Pastoral curriculum as well as reviewing teaching and learning within specific faculties. The Board of Governors 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.

The **Finance, Risk 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:

<b>Committee member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr Julian Simmonds (Chair)	3	3
Ms Mariella Ardron	3	3
Ms Joanna Birkett	3	3
Mr Massimiliano Lami	3	3
Mr Dotun Olaleye	2	3
Dr Mark Richards	3	3
Lady Sassoon	3	3

In addition to the Finance, Risk and Audit Committee, governance is exercised through a number of other Committees, including the Students and Curriculum Committee and the Remuneration Committee. The Chair of Governors and the Chair of the Finance, Risk and Audit Committee review the Management Accounts monthly and all Governors review the accounts bi-monthly, together with the Finance and Audit committee at all its meetings.

### **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 between 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.

**Review of value for money** (continued)

- ◆ Reviewing all contracts to ensure that they offer value for money and where necessary 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 2021 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, Risk 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 risk and control framework** (continued)

The Board of Governors has considered the need for a specific internal audit function and in line with the newly revised FRC Ethical Standard appointed MHA MacIntyre Hudson LLP as the Academy's new 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. 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. During 2020-21 there were two internal audits focused on reviewing the Academy's core Financial Controls, including the use of Covid related funds and reviewing the Academy's Tendering processes.

In the year ended 31 August 2021, the Governors confirm that the internal audit function has been delivered in line with requirements of the ESFA 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 her 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 \_\_\_\_\_ and signed on their behalf by:

*Sarah Sassoon*

Lady Sassoon  
(Chair of Governors)

08/12/2021

*Mariella Ardron*

Mariella Ardron  
(Accounting Officer)

08/12/2021

**Statement on regularity, propriety and compliance 31 August 2021**

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2020.

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 ESFA.

*Mariella Ardron*

Mariella Ardron

Accounting Officer

Date: 08/12/2021

## Statement of Governors' responsibilities 31 August 2021

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 and Skills 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 (FRS 102) and the Academies Accounts Direction 2020 to 2021;
- ◆ 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 ESFA/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 08/12/2021 and signed on its behalf by:

*Sarah Sassoon*

Chair of Governors  
Lady Sassoon

**Independent auditor's report to the members of The Chelsea Academy (A Science Academy)**

**Opinion**

We have audited the financial statements of The Chelsea Academy (A Science Academy) (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP (FRS 102)) and the Academies Accounts Direction 2020 to 2021.

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 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP (FRS 102) and Academies Accounts Direction 2020 to 2021.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

**Conclusions relating to going concern** (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

**Other information (covering the reference and administrative details, the report of the Governors and Strategic Report and the Governance Statement)**

The Governors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the Governors' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Governors' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the strategic report.

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

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records or returns; or

**Matters on which we are required to report by exception** (continued)

- ◆ 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.

**Responsibilities of Governors**

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;

**Auditor's responsibilities for the audit of the financial statements** (continued)

- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of governors' meetings and papers provided to the governors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of governors meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;

**Auditor's responsibilities for the audit of the financial statements** (continued)

- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the governors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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.



13.12.2021

Hugh Swainson (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

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

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 ESFA 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 ESFA 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 ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Chelsea Academy's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Chelsea Academy's funding agreement with the Secretary of State for Education dated 2 April 2007 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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 limited assurance conclusion on regularity.

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

**Approach** (continued)

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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



13.12.2021

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities (including income and expenditure account)**  
Year to 31 August 2021

		Restricted funds				
	Notes	Un-restricted general fund £'000	General £'000	Fixed assets fund £'000	2021 Total funds £'000	2020 Total funds £'000
<b>Income from:</b>						
Donations and capital grants	2	—	110	96	<b>206</b>	1,071
Charitable activities						
. Funding for the Academy's educational operations	4	—	8,799	—	<b>8,799</b>	8,195
Other trading activities	3	85	27	—	<b>112</b>	91
<b>Total income</b>		<b>85</b>	<b>8,936</b>	<b>96</b>	<b>9,117</b>	<b>9,357</b>
<b>Expenditure on:</b>						
Charitable activities						
. Academy's educational operations	6	31	9,175	914	<b>10,120</b>	9,532
<b>Total expenditure</b>	5	<b>31</b>	<b>9,175</b>	<b>914</b>	<b>10,120</b>	<b>9,532</b>
<b>Net income (expenditure) before transfers</b>		54	(239)	(818)	<b>(1,003)</b>	(175)
<b>Transfers between funds</b>	15	—	(30)	30	—	—
<b>Net income (expenditure)</b>		54	(269)	(788)	<b>(1,003)</b>	(175)
<b>Other recognised gains and losses</b>						
Actuarial (losses) gains on defined benefit pension scheme	19	—	(767)	—	<b>(767)</b>	636
<b>Net movement in funds</b>		54	(1,036)	(788)	<b>(1,770)</b>	461
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2020		498	(1,986)	32,772	<b>31,284</b>	30,823
<b>Total fund balances carried forward at 31 August 2021</b>		<b>552</b>	<b>(3,022)</b>	<b>31,984</b>	<b>29,514</b>	<b>31,284</b>

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

All gains and losses are included in the above Statement of Financial Activities.

**Balance sheet** 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>Fixed assets</b>					
Intangible assets	11		—		6
Tangible assets	12		<b>31,984</b>		<b>32,766</b>
			<b>31,984</b>		<b>32,772</b>
<b>Current assets</b>					
Stock			—	18	
Debtors	13	<b>364</b>		460	
Cash at bank and in hand		<b>1,484</b>		<b>1,217</b>	
		<b>1,848</b>		<b>1,695</b>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	<b>(471)</b>		<b>(566)</b>	
<b>Net current assets</b>			<b>1,377</b>		<b>1,129</b>
<b>Net assets excluding pension scheme liability</b>					
			<b>33,361</b>		<b>33,901</b>
Defined benefit pension scheme liability	19		<b>(3,847)</b>		<b>(2,617)</b>
<b>Total net assets</b>			<b>29,514</b>		<b>31,284</b>
<b>Restricted funds</b>					
Fixed assets fund			<b>31,984</b>		<b>32,772</b>
Restricted income fund	15		<b>825</b>		<b>631</b>
Pension reserve	15		<b>(3,847)</b>		<b>(2,617)</b>
<b>Total restricted funds</b>	15		<b>28,962</b>		<b>30,786</b>
<b>Unrestricted income funds</b>					
General fund	15		<b>552</b>		<b>498</b>
<b>Total funds</b>			<b>29,514</b>		<b>31,284</b>

The financial statements on page 28 to 53 were approved by the Governors, and authorised for issue on 08/12/2021 and are signed on their behalf by:

*Sarah Sassoon*

Lady Sassoon

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 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	A	297	(9)
<b>Cash flows from investing activities</b>			
	B	(30)	(15)
<b>Change in cash and cash equivalents in the year</b>		<b>267</b>	<b>(24)</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents at 1 September 2020		1,217	1,241
<b>Cash and cash equivalents at 31 August 2021</b>	C	<b>1,484</b>	<b>1,217</b>

### A Reconciliation of net expenditure to net cash (used in) provided by operating activities

	2021 £'000	2020 £'000
<b>Net expenditure for the year (as per the statement of financial activities)</b>	<b>(1,003)</b>	<b>(175)</b>
<b>Adjusted for:</b>		
Amortisation (note 11)	6	10
Depreciation (note 12)	908	857
Capital grants from DfE and other capital income	(96)	(1,001)
Defined benefit pension scheme cost less contributions payable (note 19)	418	322
Defined benefit pension scheme finance cost (note 19)	45	53
Decrease (increase) in stock	18	(18)
Decrease (increase) in debtors	96	(124)
(Decrease) increase in creditors	(95)	67
<b>Net cash provided (used in) by operating activities</b>	<b>297</b>	<b>(9)</b>

### B Cash flows used in investing activities

	2021 £'000	2020 £'000
Purchase of tangible fixed assets	(126)	(1,016)
Capital grants from DfE/ESFA	69	1,001
Capital funding received from sponsors and others	27	—
<b>Net cash flows used in investing activities</b>	<b>(30)</b>	<b>(15)</b>

### C Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	1,484	1,217
<b>Total cash and cash equivalents</b>	<b>1,484</b>	<b>1,217</b>

**Statement of cash flows** Year to 31 August 2021

**D Analysis of changes in net debt**

	At 1 September 2020 £'000	Cash flows £'000	At 31 August 2021 £'000
Cash	1,217	267	<b>1,484</b>
<b>Total</b>	<b>1,217</b>	<b>267</b>	<b>1,484</b>

## **Principal accounting policies** Year to 31 August 2021

### **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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling and are rounded to the nearest thousand.

### **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. The Governors have made this assessment whilst considering the impact of the Covid-19 pandemic on the day-to-day activities of the Academy Trust.

### **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.

**Income** (continued)

**Grants** (continued)

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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

**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.

**Donated fixed assets**

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

**Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy 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.

**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 expenditure is 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	3.33 - 33%
◆ Furniture and equipment	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.

### **Intangible fixed assets**

Intangible assets are valued at the cost to the Academy of acquiring these assets. Amortisation of intangible fixed assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives. All intangible assets are assumed to have useful lives of three years and are amortised accordingly at an annual rate of 33%, from the date they are brought into use. An annual impairment review is carried out for each asset after it has been brought into use to re-assess its remaining useful life and that it still meets the definition of an intangible asset.

### **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.

**Financial instruments**

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**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 19, 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 ESFA, 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 ESFA 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 19, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

**Agency arrangements**

The Academy acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 23.

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2021 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 2021.

### 2 Donations and capital grants

	Restricted funds £000	Restricted fixed assets funds £000	2021 Total funds £000
2021			
Capital grants	—	52	52
Donated fixed assets	—	44	44
Other donations	110	—	110
	110	96	206

	Restricted funds £000	Restricted fixed assets funds £000	2020 Total funds £000
2020			
Capital grants	—	24	24
Donated fixed assets	—	977	977
Other donations	70	—	70
	70	1,001	1,071

### 3 Other trading activities

	Unrestricted funds £000	Restricted funds £000	2021 Total funds £000
2021			
Hire of facilities/ lettings income	85	—	85
Income from other charitable activities	—	27	27
	85	27	112

	Unrestricted funds £000	Restricted funds £000	2020 Total funds £000
2020			
Hire of facilities/ lettings income	69	—	69
Miscellaneous income	—	22	22
	69	22	91

#### 4 Funding for the Academy's educational operations

2021	Unrestricted funds £000	Restricted funds £000	2021* Total funds £000
<b>DfE/ESFA grants</b>			
. General Annual Grant (GAG) (note 1)	—	7,707	7,707
. Other DfE/ESFA grants	—	375	375
. Pupil Premium	—	357	357
	—	8,439	8,439
<b>Other Government grants</b>			
. Local authority grants	—	77	77
	—	77	77
Other income from the Academy Trust's educational operations	—	21	21
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up premium	—	71	71
Other DfE/ESFA COVID-19 funding	—	103	103
	—	174	174
<b>COVID-19 additional funding (non-DfE /ESFA)</b>			
Other COVID-19 funding	—	88	88
	—	88	88
	—	8,799	8,799

- The trust received £71,000 of funding for catch-up premium and costs incurred in respect of this funding totalled £37,000, with the remaining £34,000 to be spent in 2021/22.

2020	Unrestricted funds £000	Restricted funds £000	2020 Total funds £000
<b>DfE/ESFA grants</b>			
. General Annual Grant (GAG) (note 1)	—	7,291	7,291
. Other DfE/ESFA grants	—	386	386
. Pupil Premium	—	374	374
	—	8,051	8,051
<b>Other Government grants</b>			
. Local authority grants	—	73	73
	—	73	73
Other income from the Academy Trust's educational operations	4	67	71
	4	8,191	8,195

\*Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium is no longer reported under the Other DfE Group grants heading, but as a separate line under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

## 5 Expenditure

2021	Staff costs (note 8) £000	Non pay expenditure		2021 Total funds £000
		Premises £000	Other costs £000	
Academy's educational operations (note 6)				
. Direct costs	6,296	914	684	<b>7,894</b>
. Support costs	1,028	761	437	<b>2,226</b>
	<b>7,324</b>	<b>1,675</b>	<b>1,121</b>	<b>10,120</b>

2020	Staff costs (note 8) £000	Non pay expenditure		2020 Total funds £000
		Premises £000	Other costs £000	
Academy's educational operations (note 6)				
. Direct costs	6,024	867	629	7,520
. Support costs	889	677	446	2,012
	<b>6,913</b>	<b>1,544</b>	<b>1,075</b>	<b>9,532</b>

	2021 Total funds £000	2020 Total funds £000
<b>Net expenditure for the year is stated after charging:</b>		
Operating lease rentals	90	98
Depreciation	908	857
Amortisation of intangible fixed assets	6	10
Fees payable to auditor		
. Statutory audit	13	12
. Other services	6	5

## 6 Charitable activities – Academy's educational operations

	2021 Total funds £000	2020 Total funds £000
Direct costs	7,894	7,520
Support costs	2,226	2,012
	<b>10,120</b>	<b>9,532</b>

**6 Charitable activities – Academy's educational operations (continued)**

Analysis of support costs	2021 Total funds £000	2020 Total funds £000
Support staff costs	1,028	889
Technology costs	40	37
Premises costs	650	677
Legal costs	10	2
Other support costs	479	389
Governance costs	19	18
<b>Total support costs</b>	<b>2,226</b>	<b>2,012</b>

**7 Comparative information**

Analysis of income and expenditure in the year ended 31 August 2020 between restricted and unrestricted funds:

	Notes	Restricted funds			2020 Total funds £'000
		Un-restricted general fund £'000	General £'000	Fixed assets fund £'000	
<b>Income from:</b>					
Donations and capital grants	2	—	70	1,001	1,071
Charitable activities					
· Funding for the Academy's educational operations	4	4	8,191	—	8,195
Other trading activities	3	69	22	—	91
<b>Total income</b>		<b>73</b>	<b>8,283</b>	<b>1,001</b>	<b>9,357</b>
<b>Expenditure on:</b>					
Charitable activities					
· Academy's educational operations	6	52	8,613	867	9,532
<b>Total expenditure</b>	5	<b>52</b>	<b>8,613</b>	<b>867</b>	<b>9,532</b>
<b>Net income (expenditure) before transfers</b>		<b>21</b>	<b>(330)</b>	<b>134</b>	<b>(175)</b>
<b>Transfers between funds</b>	15	<b>—</b>	<b>(5)</b>	<b>5</b>	<b>—</b>
<b>Net income (expenditure)</b>		<b>21</b>	<b>(335)</b>	<b>139</b>	<b>(175)</b>
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension scheme	19	—	636	—	636
<b>Net movement in funds</b>		<b>21</b>	<b>301</b>	<b>139</b>	<b>461</b>
<b>Reconciliation of funds</b>					
Total fund balances brought forward at 1 September 2019		477	(2,287)	32,633	30,823
<b>Total fund balances carried forward at 31 August 2020</b>		<b>498</b>	<b>(1,986)</b>	<b>32,772</b>	<b>31,284</b>

## 8 Staff

### (a) Staff costs

Staff costs during the year were:

	<b>2021 Total funds £000</b>	2020 Total funds £000
Wages and salaries	5,171	4,839
Social security costs	573	537
Pensions	1,424	1,295
	<b>7,168</b>	6,671
Supply teacher costs	156	242
	<b>7,324</b>	6,913

### (b) Non-statutory/non-contractual staff severance payments

There were no non-statutory/non-contractual staff severance payments in 2020/21. In 2019/20, no severance payments related to non-statutory or non-contractual severance payments.

### (c) Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2021 was as follows:

<b>Charitable activities</b>	<b>2021 No.</b>	2020 No.
Teachers	72	67
Administration and support	40	41
Management	8	10
	<b>120</b>	118

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2021 expressed as full time equivalents was as follows:

<b>Charitable activities</b>	<b>2021 FTE</b>	2020 FTE
Teachers	70	66
Administration and support	37	33
Management	8	9
	<b>115</b>	108

**8 Staff (continued)**

**(d) Higher paid staff**

The number of employees whose emoluments (excluding employer pension costs) fell within the following bands was:

	2021 No.	2020 No.
£60,001 - £70,000	10	8
£70,001 - £80,000	3	1
£80,001 - £90,000	2	2
£110,001 - £120,000	1	—
£130,001 - £140,000	—	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 2021 pension contributions to TPS for these staff members amounted to £143,036 (2020 – £152,500).

**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 Governors were not remunerated for their role as Governors. The total value of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy was £865,289 (2020 – £980,056).

**9 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 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:

	2021 £'000	2020 £'000
Mariella Ardron, Principal and Trustee		
. Remuneration	110-115	—
. Employer's pension contributions	25-30	—
Matthew Williams – Principal		
. Remuneration	—	130 – 135
. Employer's pension contributions	—	30 – 35
Jonjo Henry, Staff Trustee		
. Remuneration	—	50 – 55
. Employer's pension contributions	—	10 – 15

Expenses of £30 were reimbursed to 1 Governor during the year ended 31 August 2021 (2020 – £95 to 2 governors).

Other related party transactions involving the Governors are set out in note 20.

## 10 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 £10,000,000 on any one claim and the cost for the year ended 31 August 2021 was not separately disclosed in the Academy's insurance policy.

## 11 Intangible fixed assets

	Computer software £000	Total £'000
<b>Cost</b>		
At 1 September 2020	31	31
Disposals	(31)	(31)
At 31 August 2021	—	—
<b>Amortisation</b>		
At 1 September 2020	25	25
Charge in year	6	6
Disposals	(31)	(31)
At 31 August 2021	—	—
<b>Carrying value</b>		
At 31 August 2021	—	—
At 31 August 2020	6	6

## 12 Tangible fixed assets

	Leasehold buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total funds £000
<b>Cost</b>					
At 1 September 2020	40,867	879	1,696	28	43,470
Additions	—	—	126	—	126
Disposals	—	(8)	(760)	—	(768)
At 31 August 2021	40,867	871	1,062	28	42,828
<b>Depreciation</b>					
At 1 September 2020	8,164	847	1,665	28	10,704
Charge in year	852	18	38	—	908
Disposals	—	(8)	(760)	—	(768)
At 31 August 2021	9,016	857	943	28	10,844
<b>Net book value</b>					
At 31 August 2021	31,851	14	119	—	31,984
At 31 August 2020	32,703	32	31	—	32,766

**Notes to the financial statements** Year to 31 August 2021

**13 Debtors**

	<b>2021</b>	2020
	<b>£000</b>	£000
Trade debtors	<b>23</b>	42
VAT recoverable	<b>35</b>	99
Prepayments and accrued income	<b>306</b>	319
	<b>364</b>	460

**14 Creditors: amounts falling due within one year**

	<b>2021</b>	2020
	<b>£000</b>	£000
Trade creditors	<b>133</b>	254
Taxation and social security	<b>146</b>	136
Other creditors	<b>118</b>	125
Accruals and deferred income	<b>74</b>	51
	<b>471</b>	566
<b>Deferred income (included above)</b>		
Deferred income at 1 September 2020	<b>30</b>	1
Released during the year	<b>(30)</b>	(1)
Resources deferred in the year	<b>1</b>	30
Deferred income at 31 August 2021	<b>1</b>	30

## 15 Funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	631	7,707	(7,517)	(30)	791
. Pupil premium	—	357	(357)	—	—
. Catch-up premium	—	71	(37)	—	34
. Other DfE/ESFA COVID-19 funding	—	103	(103)	—	—
. Other COVID-19 funding	—	88	(88)	—	—
. Other	—	610	(610)	—	—
. Pension reserve	(2,617)	—	(463)	(767)	(3,847)
	(1,986)	8,936	(9,175)	(797)	(3,022)
<b>Restricted fixed assets fund</b>					
. DfE/ESFA capital grants	26,933	69	(753)	—	26,249
. Capital grants from Local Authority	4,140	27	(107)	—	4,060
. Private sector capital sponsorship	1,694	—	(49)	—	1,645
. Capital expenditure from GAG	5	—	(5)	30	30
	32,772	96	(914)	30	31,984
<b>Unrestricted funds</b>					
. General funds	498	85	(31)	—	552
<b>Total unrestricted funds</b>	498	85	(31)	—	552
<b>Total funds</b>	<b>31,284</b>	<b>9,117</b>	<b>(10,120)</b>	<b>(767)</b>	<b>29,514</b>

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 2021. Note 1 discloses whether the limit was exceeded.

#### **Fixed asset fund**

These grants relate to funding received from the DfE, ESFA 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.

15 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.

**Comparative information**

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	591	7,291	(7,246)	(5)	631
. Pupil premium	—	374	(374)	—	—
. Other	—	618	(618)	—	—
. Pension reserve	(2,878)	—	(375)	636	(2,617)
	<u>(2,287)</u>	<u>8,283</u>	<u>(8,613)</u>	<u>631</u>	<u>(1,986)</u>
<b>Restricted fixed assets fund</b>					
. DfE/ESFA capital grants	27,011	24	(102)	—	26,933
. Capital grants from Local Authority	3,649	977	(486)	—	4,140
. Private sector capital sponsorship	1,973	—	(279)	—	1,694
. Capital expenditure from GAG	—	—	—	5	5
	<u>32,633</u>	<u>1,001</u>	<u>(867)</u>	<u>5</u>	<u>32,772</u>
<b>Unrestricted funds</b>					
. General funds	477	73	(52)	—	498
Total unrestricted funds	<u>477</u>	<u>73</u>	<u>(52)</u>	<u>—</u>	<u>498</u>
<b>Total funds</b>	<u>30,823</u>	<u>9,357</u>	<u>(9,532)</u>	<u>636</u>	<u>31,284</u>

16 Analysis of net assets between funds

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset fund £000	Total 2021 £000
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	—	—	31,984	<b>31,984</b>
Current assets	552	1,296	—	<b>1,848</b>
Current liabilities	—	(471)	—	<b>(471)</b>
Pension scheme liability	—	(3,847)	—	<b>(3,847)</b>
<b>Total net assets</b>	<u>552</u>	<u>(3,022)</u>	<u>31,984</u>	<u><b>29,514</b></u>

**16 Analysis of net assets between funds (continued)**

	<i>Unrestricted funds £000</i>	<i>Restricted general funds £000</i>	<i>Restricted fixed asset fund £000</i>	<i>Total 2020 £000</i>
<i>Fund balances at 31 August 2020 are represented by:</i>				
<i>Intangible fixed assets</i>	—	—	6	6
<i>Tangible fixed assets</i>	—	—	32,766	32,766
<i>Current assets</i>	498	1,197	—	1,695
<i>Current liabilities</i>	—	(566)	—	(566)
<i>Pension scheme liability</i>	—	(2,617)	—	(2,617)
<b><i>Total net assets</i></b>	<b>498</b>	<b>(1,986)</b>	<b>32,772</b>	<b>31,284</b>

**17 Commitments under operating leases**

***Operating leases***

At 31 August 2021, the total of the Academy's future minimum lease payments under operating leases for equipment was as follows:

	<b>2021 £'000</b>	2020 £'000
Amounts due within one year	<b>77</b>	85
Amounts due between two and five years inclusive	<b>54</b>	107
	<b>131</b>	192

**18 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.

**19 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 2016 and of the LGPS 31 March 2019.

Contributions amounting to £89,753 were payable to the schemes at 31 August 2021 (2020 – £89,966) and are included within creditors.

## 19 Pension and similar obligations (continued)

### ***Teachers' Pension Scheme***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

### ***Valuation of the Teachers' Pension Scheme***

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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £771,899 (2020 – £764,676).

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

**19 Pension and similar obligations (continued)**

***Valuation of the Teachers' Pension Scheme (continued)***

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust 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 2021 was £266,000 (2020 – £231,295) of which employer's contributions totalled £188,000 (2020 – £163,901) and employees' contributions totalled £78,000 (2020 – £67,393). The agreed contribution rates for future years are 16.1% for employers and between 5.5% and 12.5% for employees.

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

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2021</b>	<b>At 31 August 2020</b>
Rate of increase in salaries	<b>3.9%</b>	3.2%
Rate of increase for pensions in payment / inflation	<b>2.9%</b>	2.2%
Discount rate for scheme liabilities	<b>1.7%</b>	1.7%
Inflation assumption (CPI)	<b>2.9%</b>	2.2%
Commutation of pensions to lump sums	<b>50.0%</b>	50.0%

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

	<b>At 31 August 2021 years</b>	<b>At 31 August 2020 years</b>
<i>Retiring today</i>		
Males	<b>21.6</b>	21.8
Females	<b>24.3</b>	24.4
<i>Retiring in 20 years</i>		
Males	<b>22.9</b>	23.2
Females	<b>25.7</b>	25.9

**19 Pension and similar obligations** (continued)

**Local Government Pension Scheme (LGPS)** (continued)

*Sensitivity analysis*

The below analysis shows the monetary increase to the defined benefit obligation for the following changes in assumptions:

	<b>At 31 August 2021 £'000</b>	At 31 August 2020 £'000
Discount rate +0.1%	(294)	(220)
Discount rate -0.1%	305	228
Mortality assumption – 1 year increase	309	211
Mortality assumption – 1 year decrease	(298)	(204)
CPI rate +0.1%	10	8
CPI rate -0.1%	(9)	(8)

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

	<b>Fair value at 31 August 2021 £'000</b>	Fair value at 31 August 2020 £'000
Equities	3,484	2,666
Property	226	175
Cash and other liquid assets	594	636
<b>Total market value of assets</b>	<b>4,304</b>	3,477
Less: liabilities	(8,151)	(6,094)
<b>Deficit in the scheme</b>	<b>(3,847)</b>	(2,617)

	<b>2021 £'000</b>	2020 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	606	484
Interest income	(59)	(61)
Interest cost	101	114
Administration expenses	3	2
<b>Total amount recognised in the SOFA</b>	<b>651</b>	539
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	59	61
Interest on pension liabilities	(101)	(114)
<b>Pension finance income/(costs)</b>	<b>(42)</b>	(53)

**19 Pension and similar obligations** (continued)

**Local Government Pension Scheme (LGPS)** (continued)

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September 2020	<b>6,094</b>	6,062
Current service cost	<b>606</b>	484
Interest cost	<b>101</b>	114
Employee contributions	<b>78</b>	67
Actuarial loss	<b>1,457</b>	316
Benefits paid	<b>(50)</b>	(180)
Losses or gain on curtailments	<b>(135)</b>	(769)
<b>At 31 August 2021</b>	<b>8,151</b>	6,094

<b>Changes in the fair value of the Academy's share of scheme assets:</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September 2020	<b>3,477</b>	3,184
Interest income	<b>59</b>	61
Actuarial gain	<b>555</b>	183
Employer contributions	<b>188</b>	164
Administration expenses	<b>(3)</b>	(2)
Employee contributions	<b>78</b>	67
Benefits paid	<b>(50)</b>	(180)
<b>At 31 August 2021</b>	<b>4,304</b>	3,477

**20 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 2021, £180,991 (2020 – £54,188) was received from RBKC. The Academy also received donated assets from RBKC during the year at a value of £nil (2020: £977,000).

The Academy bought back a number of services from both sponsors during the year ended 31 August 2021 including music curriculum support, clerking, educational psychology and recruitment advertising. During the year ended 31 August 2021 payments to RBKC were £78,351 (2020 – £150,640), including business rates which due to their nature were at cost. Payments of £10,223 were made to LDBS during the year, which were at cost (2020 – £9,889). The Academy has complied with the requirements of the Academies Financial Handbook in connection with these transactions.

**20 Related party transactions** (continued)

The Chelsea Academy Foundation (“the Foundation”) is a legally separate charity which is, nevertheless, closely associated with the Academy and has one common trustee 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 £110,222 (2020 – £70,433) of the Academy’s expenditure. £45,222 of this balance was owed to the Academy as at 31 August 2021 (2020 – £nil).

Other than the above and the transactions disclosed in note 9, there were no further related party transactions in the year (2020 – none).

**21 Capital commitments**

The Academy had capital commitments of £nil at 31 August 2021 (2020 – £10,000).

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

	2021 £'000	2020 £'000
Net movement in funds	(1,770)	461
Add back:		
. Depreciation	6	857
. Amortisation	908	10
. Pension finance costs	45	55
. Pension adjustment to staff costs	418	320
. Actuarial (gains) losses on pension scheme	767	(636)
Deduct:		
. Capital grant income	(96)	(1,001)
<b>Operating surplus for the year before transfers</b>	<b>278</b>	<b>66</b>
Transfers representing restricted funds utilised on fixed asset purchases	(30)	(5)
<b>Operating surplus for the year</b>	<b>248</b>	<b>61</b>

**23 Agency agreements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2021 the Academy received £27,638 (2020 – £25,533) and disbursed £30,969 (2020 – £21,153) from the fund. An amount of £10,059 (2020 – £13,390) is included in other creditors relating to undistributed funds.