

**CHOSEN HILL SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

Mrs A Aston  
Mr M Edgington  
Miss K Hemens  
Mrs P Leslie  
Prof N McLoughlin  
Mrs N Murray  
Mr W Parker  
Mrs S Pullen  
Mr A Qureshi (resigned 5 June 2018)

**Trustees**

Mrs A Aston, Chair<sup>1,2,3</sup>  
Mrs S Badham (resigned 9 September 2018)<sup>1,2</sup>  
Mr M Edgington<sup>1</sup>  
Miss C Fishlock<sup>3</sup>  
Mrs K Harrison, Headteacher<sup>1,2,3</sup>  
Miss K Hemens<sup>1,3</sup>  
Mrs P Leslie<sup>3</sup>  
Prof N McLoughlin<sup>2</sup>  
Mrs N Murray<sup>1,3</sup>  
Mr W Parker<sup>3</sup>  
Mrs S Pullen<sup>1,3</sup>  
Mr A Qureshi (resigned 5 June 2018)<sup>1,2</sup>  
Mr D Smith (resigned 3 October 2018)<sup>2</sup>  
Mr D Taylor (appointed 3 September 2018)

- 1 Resources Committee  
2 Learning & Outcomes Committee  
3 Community & People Committee

**Company registered  
number**

07550474

**Company name**

Chosen Hill School

**Principal and registered  
office**

Brookfield Road  
Churchdown  
Gloucester  
Gloucestershire  
GL3 2PL

**Company secretary**

K Kavanagh (from 1 September 2017)

**Accounting Officer**

Mrs K Harrison

**Senior Leadership Team**

Mrs K Harrison, Headteacher  
Mr J Bargett, Deputy Headteacher  
Mrs S Allen, Deputy Headteacher  
Mrs K Chodera, Assistant Headteacher  
Mr W Witham, Assistant Headteacher (from 1 September 2017)  
Mrs D Wardlaw, Business Manager (from 12 February 2018)

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Independent auditors** Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

**Bankers** Yorkshire Bank PLC  
Epsilon House  
Gloucester Business Park  
Gloucestershire  
GL51 4GA

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Gloucester. It has a pupil capacity of 1,140 and 250 in the Sixth Form and had a roll of 1,364 in the school census in October 2018 with 1,136 in Years 7-11 and with 228 in the Sixth Form.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Chosen Hill School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Chosen Hill School.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**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 they ceased to be a member.

**Trustees' Indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim.

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

On 1 April 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 9 Trustees who are appointed by the members
- up to 7 Parent Trustees who are elected by parents of registered pupils at the Academy
- up to 3 Staff Trustees elected by staff members
- the Headteacher

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

**Organisational Structure**

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 committees as follows;

- Resources Committee - this meets at least five times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the external auditors on internal controls and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Learning and Outcomes Committee - this meets at least four times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, target setting and assessment, examinations and student outcomes.
- Community and People Committee – this meets at least three times a year to monitor, evaluate and review practice and performance in relation to admissions, staffing, communication and pastoral issues.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Strategic School Improvement Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget and a 3 year forecast, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteachers and Assistant Headteachers and the Business Manager. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher, Business Manager and Resources Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff. Trustees are part of the interview panel on all senior posts.

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and Middle Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Head Teacher is the Accounting Officer.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees and the Senior Leadership Team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees (other than staff Trustees for their roles as members of staff) give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and benchmarked against school teachers' pay and conditions recommendations.

The Trustees benchmark the remuneration of all members of staff against the school teachers' pay and conditions recommendations.

**Trade union facility time**

The Academy employed four employees who were relevant union officials during the year, representing four full time equivalent employees. Three of these employees spent between 1 and 50% on facility time, with the other spending 100%.

The total cost of facility time to the Academy was £5,900, being 0.1% of the total pay bill of £5.76m. The time spent on paid trade union activities was 29.0% of the total paid facility time hours.

**Connected Organisations, including Related Party Relationships**

Chosen Hill School is a member of the G15 Partnership of 12 secondary schools which link and work together to see standards of achievement rise across all G15 schools through pooling of collective expertise and championing the success of students.

There are no other related parties which either control or significantly influence the decisions and operations of Chosen Hill School. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on enabling all students to achieve success whatever their starting points.

The principal object and activity of the Charitable Company is the operation of Chosen Hill School is to provide free education and care for pupils of different abilities.

The aims of the Academy during the year ended 31 August 2018 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils from all starting points.
- to provide a broad and balanced curriculum, including a wide range of extra curricular activities.
- to develop students as more effective learners with a growth mindset.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care.
- to continue to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to maximise the number of students achieving in line with their targets set from their starting points, including grade 5 or above in English and Maths.
- to provide value for money for the funds expended.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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- to continue to develop greater coherence, clarity and effectiveness in Academy systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with industry and commerce.
- to further develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Chosen Hill School we aim to enable all children to achieve success in its many different forms. We intend to enable each child to realise his or her full academic, personal, social, creative and physical potential and to develop in students positive social, moral, spiritual and cultural values. Our Academy is a community in which children, staff and parents should be part of a dynamic, happy and caring environment.

**Objectives, Strategies and Activities**

Key priorities for the year are contained in our school's Strategic Improvement Plan and summarised in the overview document which is available on the school VLE or via the Clerk to the Governors. Improvement focuses identified for this year include:

- The implementation of the five year curriculum model from September 2018 and its review and refinement for year 2 in September 2019;
- To refine the school's new pastoral management and inclusion arrangements in line with the Year 1 evaluation report;
- To review, evaluate and roll out refinements to the school's new assessment, reporting and recording arrangements based on ambitious FFT20 target setting and the school's focus on student learning mindsets: attitude to learning (ATL) and attitude to homework (AHL);
- To roll out year 3 of the growth mindset development programme, focussing on the language of growth mindset and parental engagement;
- To implement the 'Mark, Plan, Teach' initiative to further enhance the school's focus on Quality First Teaching and removing barriers to learning for all students;
- To sustain the school's work on supporting student and staff mental health and well-being as recognised by the school's accreditation as a GHLL Mental Health Champions School in July 2018.

Key activities and targets were identified in the school's Strategic Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding as well as the school's own evaluation needs and to achieve educational benefits for the current students of Chosen Hill School.

**The activities included:**

- Review of curriculum delivery to ensure the effectiveness of the roll out of the new GCSE and A level specifications;
- The required focus on student numeracy and literacy development to enable access for all to the new public examination courses and wider curriculum offer;
- Review of staffing levels and leadership and management arrangements in the light of budgetary pressures and national pay scale changes and pay awards for teaching and support staff;
- Ongoing development of the school's IT infrastructure and IT strategic development in partnership with the school's new longer term IT managed service providers, including developing staff expertise and use of IT in their working practices;
- Further development and embedding of key systemic, financial and administrative arrangements and procedures arising from the established review and evaluation cycle of all policy/protocols, practice and functions at the school;
- Continued refinement of all school systems for assessing, tracking and responding to student progress and outcomes data;
- Continued development and reinforcement of systems, procedures and activities to promote growth mindset, student voice and participation, the House system and community ethos of the school;



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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- To complete the CIF bid programme and bid to secure a new classroom block to replace time-expired temporary buildings and refurbishment of the school welfare facilities;
- Continued development of the Sixth Form curriculum and enrichment provision to maintain increased retention and improve outcomes for students from all starting points.

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

**STRATEGIC REPORT**

**Achievements and Performance**

The Academy is in its seventh year of operation.

The school was judged 'good' further to its latest Ofsted inspection on 31st October 2018.

The Academy continues to work to secure good or better outcomes for all students from all different starting points, focusing on student mindsets, quality first teaching and the removal of barriers to learning.

The school has identified the following indicators of success against its strategic School Improvement Plan priorities:

**1. The Quality of Teaching and Learning:**

The establishment of a whole staff focus on the features of Quality First Teaching and strategies to remove the barriers to learning for students facing different challenges as development in the school's continuous professional development programme, improved progress and outcomes for students in the public GCSE examinations 2018 and the significant reductions in fixed term exclusions across all year groups. Further evidence of progress in this area is evidenced in the roll out of the school's new target setting and assessment and reporting systems, introduced in Autumn Term 2017. The 'Go Green' focus has resulted in significant numbers of students achieving and sustaining very positive attitudes to learning and attitudes to homework scores as recognised by Ofsted 2018.

The literacy and numeracy strategies of Year 1 have been delivered across all year groups through the newly developed Learning Mentor programme, which has been further refined and targeted for 2018/2019 by the now established whole school leads.

The school has enhanced its opportunities to learn through high quality extra-curricular provision by maintenance of the existing programme and extension of the House events programme led by the whole school leads.

**2. Personal Development Behaviour and Welfare:**

The student support services are now well established and provide effective support to meet the needs of vulnerable students and students with additional needs. There is improved harmonisation between school services to meet educational needs and social, emotional and behavioural leads through targeted project work in this area.

Targeted project work to raise standards of attendance overall and for identified groups has had significant impact with an overall greater than 1% increase in the school's attendance figure and significant progress towards the school's ambitious targets for attendance.

The school's careers strategy and specialist careers leadership has enabled the vast majority of students at both 16 and 18 to take their first choice next steps as evidenced by the school's positive destinations data.

Students are encouraged to develop healthy living and make healthy choices, looking after their mental and emotional and wellbeing. The schools work in this area has been recognised by its accreditation as a GHLL Mental Health Champions School and reaccreditation as a GLLL Healthy Living and Learning School.

**3. Student Outcomes:**

Student progress and achievement outcomes from all starting points show good improvement in 2018 from 2017 with significant evidence of reducing the differences in outcomes for lower and middle ability students, students with SEND, students in receipt of Pupil Premium and extremely good progress by girls.

The school's new curriculum, target setting and assessment arrangements and focus on student learning dispositions and mindset aims to ensure that students in all year groups across the curriculum make substantial and sustained progress.

**4. Quality of Sixth Form Provision:**

The Sixth Form has seen an improvement in both recruitment and retention figures in 2017-18. Evaluation of the roll out of the new learning mentor and vertical tutoring arrangements has been positive and there is an increased coherence and identity within the Sixth Form community.

Futures advice and guidance has been enhanced by dedicated staffing and is reflected in the very positive post-18 destinations data.

The Sixth Form student leadership team has been expanded and have taken increased leadership in the expanded House programme supported by dedicated staff leadership.

**5. The school continues to develop a 21st century school environment which is safe and fit for purpose:**

The school successfully secured a substantial DfE CIF bid to replace and improve the whole school boundaries and entrance and exit arrangements, enhancing the safeguarding and security aspect of the school site.

**6. During the year the Academy's charity fundraising activities raised £12,000:**

A substantial portion of this sum was raised through the school's second annual Race for Life event in aid of Cancer Research UK.

**CHOSEN HILL SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**School Public Examination Results Summer 2018**

GCSE Results:

Attainment 8	47.0
% English and Maths (Grade 4+)	65%
Progress 8	+0.02

A Level Results:

Value added:	-0.26
A* A	9%
A* B	35%
A* C	64%
A* E	98%

BTEC Level 3:

Dist*	43%
D*/D	78%

**Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - the amount of GAG carry forward is 2%.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2018 were 1136 with 228 in the Sixth Form. It is anticipated that this number will be sustained and will continue to rise in the Sixth Form.

Another key financial performance indicator is staffing costs (excluding actuarial pension adjustments) as a percentage of GAG. For 2018 this was 98%, compared to 84% in 2017.

**Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2018, the Academy received total income of £7,407,812 and incurred total expenditure of £7,939,699. The excess of expenditure over income for the year was £531,887.

At 31 August 2018 the net book value of fixed assets was £15,959,588 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 21 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges & Remissions and Lettings, Asset Management and Insurance.

**Reserves Policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees of Chosen Hill School operate a reserves policy that aims to maintain an end of financial year surplus balance of approximately £150,000. As at 31 August 2018, the School held a total of £14,986,803 of which £688,754 is free reserves. In a climate of falling income and/or in cases of significant reserves, a budget which draws on contingencies may be set to support improved student outcomes.

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- £25,000 towards alterations to the school's welfare facilities. The total budget spend is budgeted as £150,000 and the Trustees believe they will fund the remainder through CIF bids.
- £50,000 towards the new classroom block CIF bid for 2018.
- £335,000 to support the budget for 2018/19 due to increasing cost pressures and reducing income from the DfE

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**Investment Policy**

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. The Trustees operate an investment policy whereby cash balances, surplus to the immediate operational needs of the school, are held in no-risk 30 day and 95 day bank deposit accounts to achieve higher credit interest returns. The interest received in the Financial Year 2017-18 was £3,620.

**Principal Risks And Uncertainties**

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 91% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

**CHOSEN HILL SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed the external auditors to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. The Trustees have set a deficit budget for 2018/19 and projected a deficit for the year after. This is being managed by reducing staffing and reviewing the curriculum offer over the next academic year.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Resources Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 20 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**FUNDRAISING**

The Academy does not undertake fundraising for its own benefit but some money is collected on behalf of other charities and passed on.

The Trustees are committed to ensuring that fundraising activities are carried out in an ethical manner. In doing so, the Academy will adhere to the Charities Commission publication 'Charity Fundraising' (CC20) and will comply with all relevant laws. Complaints will be dealt with in accordance with the Academy's usual procedures.

**CHOSEN HILL SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**PLANS FOR FUTURE PERIODS**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy will aim to increase revenue from external sources by increasing the letting of facilities and also by setting up a PTA.

Full details of our plans for the future are given in our Academy Strategic School Improvement Plans, which is available from the Clerk to the Trustees.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The School holds funds on behalf of the Friends of Chosen Hill School. These funds are held separately, are not used by the School unless a donation is received and do not form part of the Financial Statements.

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**AUDITORS**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 10 December 2018 and signed on the board's behalf by:

**A Aston  
Chair of Trustees**

## **GOVERNANCE STATEMENT**

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### **SCOPE OF RESPONSIBILITY**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Chosen Hill School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Aston, Chair	4	4
Mrs S Badham	3	4
Mr M Edgington	3	4
Miss C Fishlock	3	4
Mrs K Harrison, Headteacher	4	4
Miss K Hemens	2	4
Mrs P Leslie	3	4
Prof N McLoughlin	4	4
Mrs N Murray	4	4
Mr W Parker	4	4
Mrs S Pullen	4	4
Mr A Qureshi	1	3
Mr D Smith	3	4
Mr D Taylor	2	2

The Board of Trustees undergoes a continual process of critical self-review and reflection. The committee structure from September 2016 has been: Learning and Outcomes, Resources (incorporating Finance and Premises) and Community and People will report directly to the Board of Trustees. The Trustees have completed a skills audit during the year and are in the process of recruiting Governors where skills gaps have been identified. The 2015 OFSTED inspection noted the following on the governance arrangements of the Academy:

"Governance is effective. Governors have a range of skills and expertise which they use well to hold the academy's leaders to account for the quality of teaching and the standards achieved by students. They have supported school leaders to refocus the work of the academy and to accelerate the drive for improving examination results" OFSTED 2015.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports on internal controls from the external auditors and drafting the annual budget. This committee is also responsible for and has oversight of the upkeep and maintenance of the physical structure of the school.

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Aston	5	5
Mrs S Badham	3	5
Mr M Edgington (Chair)	5	5
Miss K Hemens (Vice Chair)	3	5
Mrs K Harrison, Headteacher	5	5
Mrs N Murray	5	5
Mrs S Pullen	3	5
Mr A Qureshi	3	4
Mr D Taylor	3	3

The Learning and Outcomes committee is also a sub-committee of the main Board of Trustees. Its purpose is to consider and advise the Governing board on learning and outcomes of pupils, including statutory requirements.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Aston, Chair	3	4
Prof N McLoughlin	4	4
Mr A Qureshi (Chair)	3	3
Mr D Smith	4	4
Mrs K Harrison, Headteacher	4	4

The Community and People committee is a sub-committee of the main board of trustees. Its purpose is to establish the role of the school within the community and support the health and safety, wellbeing and pastoral care of both students and staff.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Aston,	3	3
Miss C Fishlock	3	3
Miss K Hemens	3	3
Mrs K Harrison, Headteacher	3	3
Mrs N Murray	3	3
Mrs S Pullen	2	3
Mr W Parker	3	3
Mrs P Leslie	3	3

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Headteacher 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 each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

1. Management and Governance arrangements have enabled regular monitoring of Chosen Hill School's finance. A 3 year budget projection, annual budget and regular in year budget reviews have informed decisions to ensure that the School is making the best use of the finance resources in both the long and short term.
2. A number of systems are in place to assess and manage risk in relation to the controls of finance. The presence of good systems of internal control is confirmed by external audit of systems and the finance statements.



**GOVERNANCE STATEMENT (continued)**

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3. Chosen Hill School participates in an annual benchmarking exercise with other secondary schools to compare systems and costs in relation to several areas such as curriculum design, staffing and procurement.

4. The School participates within the Gloucestershire Business Manager's forum to make comparisons with other local schools to evaluate expenditure and quality of service for goods and services.

5. The School has undertaken further reviews of its Financial Policy and house keeping protocols.

6. The School has undertaken procurement activities in partnership with other academies and with the support of an external procurement consultant. During the year, these were implemented in catering, cleaning, grounds, IT, copiers and waste management. As contracts come up for renewal they are comprehensively reviewed in terms of their continued requirement and where possible they are tendered or re-quoted with the aim of achieving the best service for the best price.

7. The School has completed a review of teaching staff TLRs informed by the STPCD and support staff staffing structure. Gloucestershire schools comparative benchmarking data and supported by external HR legal and personnel support.

**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 Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chosen Hill School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees 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 Trustees 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 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**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 Trustees;
- regular reviews by the Resources 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;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

**GOVERNANCE STATEMENT (continued)**

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The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Review of the system for recording expenditure and making bank payments
- Review of compliance with the MUSTs detailed in Annex C of the Academies Finance Handbook
- Review of the process for recording and safeguarding assets
- Review of the process for recording income and banking cash receipts
- Review of the security surrounding the accounting system

The reviewer reports to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The programme of checks was delivered in accordance with the plans. A number of recommendations were made to the School and these are in the process of being actioned.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headteacher 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 external auditors;
- 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 been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 10 December 2018 and signed on their behalf, by:

**Mrs A Aston  
Chair of Trustees**

**Mrs K Harrison  
Accounting Officer**

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Chosen Hill School I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

**Mrs K Harrison  
Accounting Officer**

Date: 10 December 2018

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees and signed on its behalf by:

**Mrs A Aston  
Chair of Trustees**

**Date: 10 December 2018**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHOSEN HILL SCHOOL**

---

**OPINION**

We have audited the financial statements of Chosen Hill School (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHOSEN HILL SCHOOL**

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We have nothing to report in this regard.

**OPINION 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 Trustees' Report (incorporating the Strategic Report and Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees are responsible for assessing the Academy'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 Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' 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 Auditors' 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.

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 Auditors' Report.

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CHOSEN HILL SCHOOL**

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**USE OF OUR REPORT**

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

David Butler FCA DChA (Senior Statutory Auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT  
18 December 2018

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHOSEN HILL SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 3 April 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chosen Hill School during the year 1 September 2017 to 31 August 2018 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 Chosen Hill School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chosen Hill School 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 Chosen Hill School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CHOSEN HILL SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Chosen Hill School's funding agreement with the Secretary of State for Education dated 19 December 2012, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.



**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHOSEN  
HILL SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

David Butler FCA DChA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

18 December 2018

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	9,240	407,229	416,469	63,076
Charitable activities	3	179,651	6,750,319	-	6,929,970	7,278,903
Other trading activities	4	57,753	-	-	57,753	39,288
Investments	5	3,620	-	-	3,620	2,587
<b>TOTAL INCOME</b>		<b>241,024</b>	<b>6,759,559</b>	<b>407,229</b>	<b>7,407,812</b>	<b>7,383,854</b>
<b>EXPENDITURE ON:</b>						
Raising funds		-	-	-	-	978
Charitable activities		196,550	7,393,119	350,030	7,939,699	7,626,644
<b>TOTAL EXPENDITURE</b>	6	<b>196,550</b>	<b>7,393,119</b>	<b>350,030</b>	<b>7,939,699</b>	<b>7,627,622</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	16	44,474	(633,560)	57,199	(531,887)	(243,768)
		-	(5,482)	5,482	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		44,474	(639,042)	62,681	(531,887)	(243,768)
Actuarial gains on defined benefit pension schemes	20	-	464,000	-	464,000	573,000
<b>NET MOVEMENT IN FUNDS</b>		<b>44,474</b>	<b>(175,042)</b>	<b>62,681</b>	<b>(67,887)</b>	<b>329,232</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		492,997	(1,554,675)	16,116,368	15,054,690	14,725,458
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>537,471</b>	<b>(1,729,717)</b>	<b>16,179,049</b>	<b>14,986,803</b>	<b>15,054,690</b>

The notes on pages 27 to 46 form part of these financial statements.

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER: 07550474**

**BALANCE SHEET  
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>15,959,588</b>		16,116,368
<b>CURRENT ASSETS</b>					
Stocks		<b>26,127</b>		16,112	
Debtors	14	<b>404,441</b>		157,719	
Cash at bank and in hand		<b>997,309</b>		1,387,662	
			<u><b>1,427,877</b></u>	<u>1,561,493</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(519,662)</b>		(471,171)	
			<u><b>908,215</b></u>	<u>1,090,322</u>	
<b>NET CURRENT ASSETS</b>					
			<u><b>16,867,803</b></u>		17,206,690
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	20		<b>(1,881,000)</b>		(2,152,000)
<b>NET ASSETS</b>			<u><b>14,986,803</b></u>		<u>15,054,690</u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	16	<b>151,283</b>		597,325	
Fixed asset funds	16	<b>16,179,049</b>		16,116,368	
			<u><b>16,330,332</b></u>	<u>16,713,693</u>	
Restricted funds excluding pension liability					
Pension reserve		<b>(1,881,000)</b>		(2,152,000)	
			<u><b>14,449,332</b></u>	<u>14,561,693</u>	
Total restricted funds					
Unrestricted funds	16		<b>537,471</b>		492,997
<b>TOTAL FUNDS</b>			<u><b>14,986,803</b></u>		<u>15,054,690</u>

The financial statements on pages 24 to 46 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:

**Mrs A Aston  
Chair of Trustees**

The notes on pages 27 to 46 form part of these financial statements.

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	<u>(607,951)</u>	<u>260,343</u>
<b>Cash flows from investing activities:</b>			
Interest receivable		3,620	2,587
Purchase of tangible fixed assets		(193,251)	(135,908)
Capital grants from DfE Group		<u>407,229</u>	<u>58,597</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>217,598</u>	<u>(74,724)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(390,353)</b>	185,619
Cash and cash equivalents brought forward		<u>1,387,662</u>	<u>1,202,043</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>997,309</u></u>	<u><u>1,387,662</u></u>

The notes on pages 27 to 46 form part of these financial statements.

**CHOSEN HILL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Chosen Hill School constitutes a public benefit entity as defined by FRS 102.

**1.2 GOING CONCERN**

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

**1.3 FUND ACCOUNTING**

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the 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 in full when there is an unconditional entitlement to the grant. 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 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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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

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

All expenditure is inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Plant and machinery	-	5 years straight line
Office equipment	-	5 years straight line
Computer equipment	-	3 years straight line

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

**1.7 OPERATING LEASES**

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

**1.8 STOCKS**

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

**1.9 TAXATION**

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

**1.10 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit.

**1.12 LIABILITIES AND PROVISIONS**

Liabilities and provisions 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 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. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**1.13 FINANCIAL INSTRUMENTS**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 14. 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 costs as detailed in note 15. 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 instruments.

**1.14 PENSIONS**

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

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



**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.14 PENSIONS (continued)**

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**1.15 AGENCY ARRANGEMENTS**

The Academy acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 24.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Donations	-	9,240	-	9,240	4,479
Capital Grants	-	-	407,229	407,229	58,597
	<u>-</u>	<u>9,240</u>	<u>407,229</u>	<u>416,469</u>	<u>63,076</u>
Total 2017	<u>-</u>	<u>4,479</u>	<u>58,597</u>	<u>63,076</u>	

**CHOSEN HILL SCHOOL  
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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	6,250,674	6,250,674	6,483,008
Pupil premium	-	182,127	182,127	248,592
Other DfE/ESFA grants	-	36,697	36,697	21,579
	<u>-</u>	<u>6,469,498</u>	<u>6,469,498</u>	<u>6,753,179</u>
<b>Other Government grants</b>				
High Needs	-	264,357	264,357	336,315
Other Government grants non capital	-	16,464	16,464	8,600
	<u>-</u>	<u>280,821</u>	<u>280,821</u>	<u>344,915</u>
<b>Other funding</b>				
Income for hosting trainee teachers	5,213	-	5,213	7,850
Sales to students	21,213	-	21,213	43,767
Trips and music tuition	153,225	-	153,225	129,192
	<u>179,651</u>	<u>-</u>	<u>179,651</u>	<u>180,809</u>
	<u>179,651</u>	<u>6,750,319</u>	<u>6,929,970</u>	<u>7,278,903</u>
Total 2017	<u>180,809</u>	<u>7,098,094</u>	<u>7,278,903</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	30,838	-	30,838	38,154
Consultancy	26,915	-	26,915	1,134
	<u>57,753</u>	<u>-</u>	<u>57,753</u>	<u>39,288</u>
Total 2017	<u>39,288</u>	<u>-</u>	<u>39,288</u>	

**CHOSEN HILL SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	3,620	-	3,620	2,587
	<u>3,620</u>	<u>-</u>	<u>3,620</u>	<u>2,587</u>
Total 2017	2,587	-	2,587	
	<u>2,587</u>	<u>-</u>	<u>2,587</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	5,457,061	306,138	564,250	6,327,449	6,092,598
Support costs	811,419	452,754	348,077	1,612,250	1,535,024
	<u>6,268,480</u>	<u>758,892</u>	<u>912,327</u>	<u>7,939,699</u>	<u>7,627,622</u>
Total 2017	5,828,663	716,652	1,082,307	7,627,622	
	<u>5,828,663</u>	<u>716,652</u>	<u>1,082,307</u>	<u>7,627,622</u>	

**7. DIRECT COSTS**

	Total 2018 £	Total 2017 £
Pension finance costs	26,000	26,000
Educational supplies	235,946	297,329
Examination fees	129,687	120,627
Staff development	11,886	12,550
Other costs	160,731	235,731
Supply teachers	241,798	113,545
Wages and salaries	4,066,611	3,936,017
National insurance	400,069	381,046
Pension cost	748,583	693,368
Depreciation	306,138	275,407
	<u>6,327,449</u>	<u>6,091,620</u>
Total 2017	6,091,620	
	<u>6,091,620</u>	

**CHOSEN HILL SCHOOL  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. SUPPORT COSTS**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Pension finance costs	<b>29,000</b>	26,000
Other costs	<b>17,884</b>	52,345
Recruitment and support	<b>9,686</b>	18,477
Maintenance of premises and equipment	<b>121,518</b>	195,766
Cleaning	<b>116,512</b>	96,683
Rent and rates	<b>62,407</b>	29,361
Energy costs	<b>94,580</b>	81,611
Insurance	<b>43,951</b>	55,937
Security and transport	<b>13,845</b>	12,937
Catering	<b>18,327</b>	24,712
Technology costs	<b>58,689</b>	117,818
Office overheads	<b>16,204</b>	19,230
Legal and professional	<b>153,204</b>	49,683
Bank interest and charges	<b>557</b>	449
Governance	<b>575</b>	12,482
Wages and salaries	<b>557,965</b>	492,465
National insurance	<b>38,634</b>	36,568
Pension cost	<b>214,820</b>	174,676
Depreciation	<b>43,892</b>	37,824
	<b><u>1,612,250</u></b>	<b><u>1,535,024</u></b>
Total 2017	<b><u>1,535,024</u></b>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018 £</b>	<b>2017 £</b>
Depreciation of tangible fixed assets: - owned by the Academy	<b>350,030</b>	313,231
Auditors' remuneration - audit	<b>8,400</b>	8,400
Auditors' remuneration - other services	<b>3,710</b>	5,700
	<b><u>362,140</u></b>	<b><u>327,331</u></b>

**CHOSEN HILL SCHOOL  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	<b>2018</b>	2017
	£	£
Wages and salaries	<b>4,624,576</b>	4,429,460
Social security costs	<b>438,703</b>	417,614
Operating costs of defined benefit pension schemes	<b>963,403</b>	868,044
	<u><b>6,026,682</b></u>	<u>5,715,118</u>
Supply teacher costs	<b>241,798</b>	113,545
	<u><b>6,268,480</b></u>	<u>5,828,663</u>

**b. Staff numbers**

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

	<b>2018</b>	2017
	No.	No.
Teachers	<b>93</b>	93
Admin and support including teaching assistants	<b>85</b>	80
Management	<b>7</b>	7
	<u><b>185</b></u>	<u>180</u>

Average headcount expressed as a full time equivalent:

	<b>2018</b>	2017
	No.	No.
Teachers	<b>81</b>	79
Admin and support including teaching assistants	<b>54</b>	52
Management	<b>7</b>	7
	<u><b>142</b></u>	<u>138</u>

**c. Higher paid staff**

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

	<b>2018</b>	2017
	No.	No.
In the band £60,001 - £70,000	<b>2</b>	2
In the band £80,001 - £90,000	<b>0</b>	1
In the band £90,001 - £100,000	<b>1</b>	0

**CHOSEN HILL SCHOOL  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. STAFF COSTS (continued)**

**d. Key management personnel**

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance contributions) received by key management personnel for their services to the Academy was £571,556 (2017: £524,357).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

**11. TRUSTEES' REMUNERATION AND EXPENSES**

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: K Harrison: remuneration £95,000 - £100,000 (2017: £85,000 - £90,000), employer's pension contributions £15,000 - £20,000 (2017: £10,000 - £15,000); S Badham: remuneration £15,000 - £20,000 (2017: £15,000 - £20,000), employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000); C Fishlock: remuneration £30,000 - £35,000 (2017: £30,000 - £35,000), employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000); D Smith: remuneration £25,000 - £30,000 (2017: £20,000 - £25,000), employer's pension contributions £0 - £5,000 (2017: £0 - £5,000).

Other related party transactions involving the trustees are set out in note 22.

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the years ended 31 August 2017 and 2018, no Trustees received any reimbursement of expenses.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and equipment £	Total £
<b>COST</b>			
At 1 September 2017	17,748,363	507,885	18,256,248
Additions	175,965	17,285	193,250
	<u>17,924,328</u>	<u>525,170</u>	<u>18,449,498</u>
At 31 August 2018	<u>17,924,328</u>	<u>525,170</u>	<u>18,449,498</u>
<b>DEPRECIATION</b>			
At 1 September 2017	1,763,542	376,338	2,139,880
Charge for the year	297,159	52,871	350,030
	<u>2,060,701</u>	<u>429,209</u>	<u>2,489,910</u>
At 31 August 2018	<u>2,060,701</u>	<u>429,209</u>	<u>2,489,910</u>
<b>NET BOOK VALUE</b>			
At 31 August 2018	<u>15,863,627</u>	<u>95,961</u>	<u>15,959,588</u>
At 31 August 2017	<u>15,984,821</u>	<u>131,547</u>	<u>16,116,368</u>

Included in freehold property is freehold land at valuation of £2,890,428 (2017: £2,890,428) which is not depreciated.

**14. DEBTORS**

	2018 £	2017 £
Trade debtors	20,732	7,612
VAT recoverable	84,257	58,346
Prepayments and accrued income	299,452	91,761
	<u>404,441</u>	<u>157,719</u>
	<u>404,441</u>	<u>157,719</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	338,729	199,440
Other taxation and social security	108,036	104,548
Other creditors	9,380	106,452
Accruals and deferred income	63,517	60,731
	<u>519,662</u>	<u>471,171</u>
	<u>519,662</u>	<u>471,171</u>



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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	2018 £	2017 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	31,359	71,173
Resources deferred during the year	30,954	31,359
Amounts released from previous years	(31,359)	(71,173)
	<u>30,954</u>	<u>31,359</u>
Deferred income at 31 August 2018	<u><u>30,954</u></u>	<u><u>31,359</u></u>

Deferred income at 31 August 2018 relates to funding received for rates relief and monies received for educational visits due to take place in the 18/19 academic year.

**16. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	492,997	241,024	(196,550)	-	-	537,471
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	597,325	6,250,674	(6,691,234)	(5,482)	-	151,283
Pupil Premium	-	182,127	(182,127)	-	-	-
Other DfE/ESFA	-	36,697	(36,697)	-	-	-
High Needs	-	264,357	(264,357)	-	-	-
Other local authority grants	-	16,464	(16,464)	-	-	-
Donations	-	9,240	(9,240)	-	-	-
Pension reserve	(2,152,000)	-	(193,000)	-	464,000	(1,881,000)
	<u>(1,554,675)</u>	<u>6,759,559</u>	<u>(7,393,119)</u>	<u>(5,482)</u>	<u>464,000</u>	<u>(1,729,717)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	13,118,247	-	(216,990)	-	-	12,901,257
Fixed assets purchased from GAG and other restricted funds	2,998,121	407,229	(133,040)	5,482	-	3,277,792
	<u>16,116,368</u>	<u>407,229</u>	<u>(350,030)</u>	<u>5,482</u>	<u>-</u>	<u>16,179,049</u>
Total restricted funds	<u>14,561,693</u>	<u>7,166,788</u>	<u>(7,743,149)</u>	<u>-</u>	<u>464,000</u>	<u>14,449,332</u>
Total of funds	<u><u>15,054,690</u></u>	<u><u>7,407,812</u></u>	<u><u>(7,939,699)</u></u>	<u><u>-</u></u>	<u><u>464,000</u></u>	<u><u>14,986,803</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**16. STATEMENT OF FUNDS (continued)**

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

**Restricted Funds**

Donations represent income received for a specific purpose, including voluntary contributions received for school trips.

General Annual Grant (GAG) represents funding received from the Education & Skills Funding Agency (ESFA) which is to be used for the normal running costs of the Academy, including education and support costs. During the year £5,482 (2017: £70,311) was transferred to the restricted fixed asset fund to represent fixed asset purchased from GAG.

Pupil Premium funding represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying socio-economic inequalities.

Other ESFA includes reimbursement of rates and funding received in respect of Year 7 catch up..

High Needs funding is received from the Local Authority to fund further support for students with additional needs.

Other local authority grants includes Pupil Premium received from the local authority.

Educational visits includes funds received from parents. These funds have been reclassified to unrestricted funds in the year.

Donations represent income received for a specific purpose, including voluntary contributions received for school trips.

Pension reserve represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

**Fixed Asset Funds**

Fixed Assets transferred on conversion represent the buildings and equipment donated to the school from the Local Authority on conversion to an Academy.

Fixed assets purchased from GAG represents amounts spent on fixed assets from GAG funding received from the ESFA.

Fixed assets purchased from other restricted funds represents ACMF funding received from the ESFA to support capital projects undertaken by the Academy, devolved formula capital grants from the ESFA for purchase of fixed assets and other restricted funds used for the purchase of fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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**16. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>GENERAL FUNDS</b>						
General funds	367,678	222,684	(178,936)	81,571	-	492,997
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG) and other DfE income	537,018	6,483,008	(6,352,390)	(70,311)	-	597,325
Pupil premium	-	248,592	(248,592)	-	-	-
Other DfE/ESFA	-	21,579	(21,579)	-	-	-
High Needs	-	336,315	(336,315)	-	-	-
Other local authority grants	-	8,600	(8,600)	-	-	-
Educational visits	81,571	-	-	(81,571)	-	-
Donations	-	4,479	(4,479)	-	-	-
Pension reserve	(2,571,000)	-	(154,000)	-	573,000	(2,152,000)
	<u>(1,952,411)</u>	<u>7,102,573</u>	<u>(7,125,955)</u>	<u>(151,882)</u>	<u>573,000</u>	<u>(1,554,675)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	13,335,237	-	(216,990)	-	-	13,118,247
Fixed assets purchased from GAG and other restricted funds	2,974,954	58,597	(105,741)	70,311	-	2,998,121
	<u>16,310,191</u>	<u>58,597</u>	<u>(322,731)</u>	<u>70,311</u>	<u>-</u>	<u>16,116,368</u>
Total restricted funds	<u>14,357,780</u>	<u>7,161,170</u>	<u>(7,448,686)</u>	<u>(81,571)</u>	<u>573,000</u>	<u>14,561,693</u>
Total of funds	<u>14,725,458</u>	<u>7,383,854</u>	<u>(7,627,622)</u>	<u>-</u>	<u>573,000</u>	<u>15,054,690</u>

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,959,588	15,959,588
Current assets	537,471	670,945	219,461	1,427,877
Creditors due within one year	-	(519,662)	-	(519,662)
Pension scheme liability	-	(1,881,000)	-	(1,881,000)
	<u>537,471</u>	<u>(1,729,717)</u>	<u>16,179,049</u>	<u>14,986,803</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	16,116,368	16,116,368
Current assets	510,616	1,050,877	-	1,561,493
Creditors due within one year	(17,619)	(453,552)	-	(471,171)
Provisions for liabilities and charges	-	(2,152,000)	-	(2,152,000)
	<u>492,997</u>	<u>(1,554,675)</u>	<u>16,116,368</u>	<u>15,054,690</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(531,887)	(243,768)
<b>Adjustment for:</b>		
Depreciation charges	350,031	313,231
Interest receivable	(3,620)	(2,587)
Loss on the sale of fixed assets	-	9,500
Increase in stocks	(10,015)	(7,009)
(Increase)/decrease in debtors	(246,722)	18,531
Increase in creditors	48,491	77,042
Capital grants from DfE and other capital income	(407,229)	(58,597)
Defined benefit pension scheme finance cost	55,000	52,000
Defined benefit pension scheme cost less contributions payable	138,000	102,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(607,951)</u>	<u>260,343</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash at bank and in hand	<b>997,309</b>	1,387,662
	<b>997,309</b>	1,387,662

**20. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Gloucestershire County Council. Both are multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £Nil were payable to the schemes at 31 August 2018 (2017: 97,310) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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**20. PENSION COMMITMENTS (continued)**

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £556,000 (2017: £526,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £326,000 (2017: £289,000), of which employer's contributions totalled £271,000 (2017: £238,000) and employees' contributions totalled £55,000 (2017: £51,000). The agreed contribution rates for future years are 21.1% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2018</b>	2017
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>2.70 %</b>	2.70 %
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	2.40 %

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

	<b>2018</b>	2017
Retiring today		
Males	<b>22.4 years</b>	22.4 years
Females	<b>24.6 years</b>	24.6 years
Retiring in 20 years		
Males	<b>24.0 years</b>	24.0 years
Females	<b>26.4 years</b>	26.4 years

	<b>At 31 August 2018</b>	At 31 August 2017
<b>Sensitivity analysis</b>	<b>£</b>	<b>£</b>
Discount rate -0.5%	<b>626,000</b>	597,000
CPI rate +0.5%	<b>558,000</b>	524,000

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS (continued)**

The Academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2018 £</b>	Fair value at 31 August 2017 £
Equities	<b>2,444,000</b>	2,203,000
Corporate bonds	<b>743,800</b>	434,000
Property	<b>283,400</b>	403,000
Cash and other liquid assets	<b>70,800</b>	62,000
	<hr/>	<hr/>
Total market value of assets	<b>3,542,000</b>	3,102,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £195,000 (2017: £499,000.).

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

	<b>2018 £</b>	2017 £
Current service cost	<b>(409,000)</b>	(340,000)
Interest income	<b>81,000</b>	54,000
Interest cost	<b>(136,000)</b>	(106,000)
	<hr/>	<hr/>
Total	<b>(464,000)</b>	(392,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2018 £</b>	2017 £
Opening defined benefit obligation	<b>5,254,000</b>	5,140,000
Current service cost	<b>409,000</b>	340,000
Interest cost	<b>136,000</b>	106,000
Employee contributions	<b>55,000</b>	51,000
Actuarial gains	<b>(368,000)</b>	(322,000)
Benefits paid	<b>(63,000)</b>	(61,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>5,423,000</b>	5,254,000
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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	3,102,000	2,569,000
Interest income	81,000	54,000
Actuarial gains	96,000	251,000
Employer contributions	271,000	238,000
Employee contributions	55,000	51,000
Benefits paid	(63,000)	(61,000)
	<u>3,542,000</u>	<u>3,102,000</u>
Closing fair value of scheme assets	<u>3,542,000</u>	<u>3,102,000</u>

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	14,499	13,688
Between 1 and 5 years	18,612	8,626
	<u>33,111</u>	<u>22,314</u>
Total	<u>33,111</u>	<u>22,314</u>

**22. RELATED PARTY TRANSACTIONS**

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

No related party transactions arose in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 11.

**23. MEMBERS' LIABILITY**

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

**24. AGENCY ARRANGEMENTS**

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2018 the Academy received £23,109 and disbursed £12,671 from the fund. An amount of £17,188 is included in other creditors relating to undistributed funds.