

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**LANDAU BAKER LIMITED**

**Chartered Accountants & Statutory Auditor**

**Mountcliff House**

**154 Brent Street**

**London**

**NW4 2DR**

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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**CONTENTS**

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	Page
<b>Reference and administrative details of the academy, its trustees and advisers</b>	1 - 2
<b>Trustees' report</b>	3 - 9
<b>Governance statement</b>	10 - 12
<b>Statement on regularity, propriety and compliance</b>	13
<b>Statement of Trustees' responsibilities</b>	14
<b>Independent auditors' report on the financial statements</b>	15 - 17
<b>Independent reporting accountant's assurance report on regularity</b>	18 - 19
<b>Statement of financial activities incorporating income and expenditure account</b>	20
<b>Balance sheet</b>	21
<b>Statement of cash flows</b>	22
<b>Notes to the financial statements</b>	23 - 43

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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

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**Members**

Mr Mark Draper  
Mgr Matthew Dickens (Vicar General)  
Mr Paul McCallum

**Trustees**

Mr Mark Draper, Chairman  
Mrs Patricia O' Connell, Foundation Governor  
Mr John Sabourin, Foundation Governor & Chair of Finance Committee  
Fr Kevan Hayden, Foundation Governor  
Mr Mike Osborn, Foundation Governor  
Mrs Monica Guntrip, Foundation Governor  
Mrs Nikki Cloudsdale, Co - Opted Governor  
Mr Sean Maher, Headteacher  
Cllr David Fraser, Local Representative Governor  
Mr Sean Binns, Co - Opted Governor (resigned 31 January 2018)  
Mr Neil D'Aguiar, Staff Governor (resigned 8 November 2017)  
Mr Francis Corrigan, Foundation Governor  
Mr Kevin Beatty, Foundation Governor  
Mrs Kathryn Newnham, Parent Governor  
Mr Owen Watters, Parent Governor  
Mr Franco D'Agostino, Foundation Governor  
Mrs Stephanie Harvey, Staff Governor (appointed 1 December 2017)  
Mr Brian O'Neill, Staff Governor (appointed 1 December 2017)

**Company registered number**

07718002

**Company name**

Richard Challoner School

**Registered office**

Manor Drive North, New Malden, Surrey, KT3 5PE

**Principal operating office**

Manor Drive North, New Malden, Surrey, KT3 5PE

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

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**Advisers (continued)**

**Company secretary**

Mr Reg Baker

**Senior management team**

Mr Sean Maher, Headteacher and Accounting Officer  
Mr Sean Binns, Deputy Headteacher (Resigned 31 January 2018)  
Mr Neil Henderson, Deputy Headteacher  
Mr Ian O'Brien, Deputy Headteacher  
Mr David Steele, Assistant Headteacher  
Mrs Rose Costello, Associate Deputy Headteacher  
Mr Mark Cox, Associate Deputy Headteacher  
Mr Matt Webber, Associate Deputy Headteacher  
Mrs Catherine Verdin, Associate Deputy Headteacher

**Independent auditors**

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

**Bankers**

Lloyds TSB Bank plc, P O Box No 1000, BX1 1LT

**Solicitors**

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 9BB

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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**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 auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

**Structure, governance and management**

**a. CONSTITUTION**

The Academy is a company limited by guarantee and an exempt charity. It was setup on 26 July 2011 and in terms of a Funding Agreement entered into with the Secretary of State for Education, became an Academy on 17 August 2011. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The Trustees act as the governors for the charitable activities of Richard Challoner School Academy trust and some are also the directors of the Charitable Company for the purposes of Company law.

Details of governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

The principal activity of the Charitable Company is to advance, for the public benefit, education in New Malden and the surrounding area by maintaining and operating Richard Challoner School Academy Trust in New Malden.

**b. MEMBERS' LIABILITY**

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

**c. TRUSTEES' INDEMNITIES**

Subject to the provision of Companies Act, every governor or other officer of the charitable company shall be indemnified out of the assets of the charitable company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Charitable Company.

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The Governors are appointed under the terms of the Academy's articles of association:

- The Headmaster
- Foundation Governors ( Appointed by the Archbishop of the R.C. Diocese of Southwark)
- Staff Governors ( elected by staff employed at the school)
- A minimum of two Parent Governors ( elected by Parents at the school)
- Local Representative Governor ( Appointed by the Governing Body)
- Any Governors elected by the Secretary of State for Education
- Up to 3 co-opted Governors ( appointed by the Governing Body)

The term of office for any Governor shall be four years. The Headmaster's term of office runs parallel with his contract of employment. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected, up to a maximum of three terms of office.

**e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

During the period under review the governors held twice termly full governing body meetings. The training and

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

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induction provided for new governors will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All new governors are given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and directors of the Charitable Company.

**f. ORGANISATIONAL STRUCTURE**

The Charitable Company has established a management structure to enable its efficient running. The structure consists of two levels: the Governors and the Executive who are the Senior Leadership Team.

The Governing Body has considered its role thoughtfully and decided that the role of the Governors is to approve the strategic direction and objectives of the Charitable Company and monitor its progress towards these objectives.

The Governing Body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Charitable Company by use of budgets and making major decisions about the direction of the Charitable Company, including capital expenditure and senior staff appointments.

The Head Teacher assumes the accounting officer role.

**g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Key Management personnel are paid in line with market standards and reviewed annually by the Pay Committee.

**h. TRADE UNION FACILITY TIME**

Relevant Union Officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost facility time	0
Provide the total pay bill	5,795,048
Provide the percentage of the total pay bill spent on facility time calculated as: (total cost of facility time / total pay bill) * 100	0

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

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Paid Trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period / total paid facility time hours) * 100	0%
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**i. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

The Academy does not have related parties or other connected charities and organisations.

**j. RISK MANAGEMENT**

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

Since the Academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the Charitable Company is the operation of Richard Challoner School to provide Catholic education in New Malden for Catholic boys living in the South West London area.

In accordance with the articles of association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

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

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**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy during the period ended 31 August 2018 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's vision is to create or offer:

- a strong ethos of achievement leading to continuously improving standards;
- personal confidence;
- appropriate thinking skills, problem solving skills and leadership

This is achieved through developing:

- a sense of personal identity;
- a sense of belonging and loyalty to the school community
- an emphasis on personal and community responsibility;
- a positive learning climate in terms of the nature of courses offered and teaching styles utilised;
- positive relationships with external partners

**c. PUBLIC BENEFIT**

In setting the objectives, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

**Strategic Report**

**Achievements and performance**

**a. KEY FINANCIAL PERFORMANCE INDICATORS**

The school achieved outstanding academic results again this year putting Challoner amongst the top boys' comprehensive schools in the country. All indicators at KS4 show the school is performing well above average compared to national and local averages. Key performance indicators include a Progress 8 score of +0.63, Attainment 8 at 57.3 (National 44.3), Grade 5 or above in English and Maths 65% (National 39.9%), EBacc average point score 5.42 (National 3.83).

- The number of applicants to the school continues to increase 2018/19 with over five applicants for every place available. The school has maintained a stable staff and managed to increase in some areas due to extra funding received for students in receipt of an EHCP.
- The school continued to offer a wide range of wider curriculum events including two musicals, over four drama productions, numerous music concerts and two art exhibitions in addition to the numerous House events that take place during the year. On the sports field the school continues to have significant success and played over 200 competitive fixtures against other schools last year. We are still the only comprehensive school in Kingston to offer regular sport on Saturday mornings. A wide range of students



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

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participate in this fantastic wider curriculum offer.

- The school achieved the World Class Schools Quality Mark. It is the only all boys school in the country to be awarded this quality mark. Results should be in the top 5% of schools nationally. The gap between PPG and non-PPG students remains much smaller than the national average.
- The school confidently met all of its key development areas last year whilst still managing to increase private revenue and reduce the number of teachers in senior positions in the school.
- The school successfully managed a conditional improvement fund project to improve fire safety across the school.
- The school remains a beacon for Catholic and boys education.

**Financial review**

The Charitable Company was incorporated on 26<sup>th</sup> July 2011 and commenced operating as an academy school on 17<sup>th</sup> August 2011. No activities were carried on by the company from the date of incorporation until the 17<sup>th</sup> August 2011 when the net assets of the Richard Challoner School were transferred to the Charitable Company.

Most of the Academy's income is obtained from the Education Skills Funding Agency (E.S.F.A) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the E.S.F.A. during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the E.S.F.A.. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants 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 expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions have been assessed and they remain the same level as before the academy was established in order to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

**a. GOING CONCERN**

After making appropriate enquiries, the Governing Body 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 Accounting Policies.

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

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**b. PRINCIPAL RISKS AND UNCERTAINTIES**

The Companies Act 2006 s417 (3b) requires disclosure of the principal risks and uncertainties facing a company.

The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff and pupils.

**c. RESERVES POLICY**

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review however it is recognised that they have no control over the deficit on the pension liability.

Reserves at the end of the period amounted to £546,862 (2017: £347,550). The income fund reserves at the end of the year amounted to £45,735 (2017: deficit of £143,208).

**d. FUNDRAISING**

The academy engages in fundraising throughout the academic year, both for specific projects and to augment the annual education budget. There are a variety of fundraising events that we run during the academic year: Christmas Fair, Music Concerts, Rough Sleepers Initiative and a number MUFTI days (pupils wear own clothes). The School PTA also run a number of fundraising events during the year. The income and expenditure pertaining to these events (including the allocation of funds) is independently reviewed by the Responsible Officer, who reports the findings directly to the board of governors as part of the overall financial review.

The board of governors also directly respond to any complaints that arise pertaining to fundraising events, with the Responsible Officer acting as an independent intermediary if deemed to be necessary.

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

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**PLANS FOR FUTURE PERIODS**

The school has five strategic priorities for the 2018/19 academic years:

1. Literacy review looking at literacy across the curriculum.
  2. Embedding assessment strategies at KS3 and KS4,
  3. Developing departmental and SLT link meetings to focus to aid learning and teaching, increase impact and reduce bureaucracy.
  4. Governance: to explore possible MAT structures and closer working relationships with other schools as well as Governor succession planning.
  5. Implementing and reviewing new pastoral development systems.
- The school will look to develop conditional funding bids in relation to site security and increasing delivery of sport and supporting health and well-being by bidding for a specialist nutrition and mental well-being centre.
  - The school will seek to ensure that all current provision relating to wider curriculum opportunities, in class support, small class sizes and the broad curriculum offer will be maintained despite the real terms budget decreases.
  - The school will work with other stakeholders such as SSAT, World Class Schools, etc.... to continue to develop their strategic vision to ensure a world class education and be a beacon for good practice nationally.
  - The Head will support the Diocese as part of the strategic steering committee to help determine the future direction of the education commission and the Director of Education for Southwark.

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

The Academy Trust and Trustees did not act as Custodian Trustee during the current or previous period.

**AUDITOR**

In so far as the governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by order of the members of the Governing Body as the company directors, on 22 November 2018 and signed on its behalf by:

**Mr M Draper**  
**Chair of Trustees**

**RICHARD CHALLONER SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As governors, we acknowledge we have overall responsibility for ensuring that Richard Challoner 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 Richard Challoner 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 Governors' report and in the Governors' responsibilities statement. The board of trustees has formally met 6 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
Mr Mark Draper, Chairman	6	6
Mrs Patricia O' Connell, Foundation Governor	6	6
Mr John Sabourin, Foundation Governor & Chair of Finance Committee	5	6
Fr Kevan Hayden, Foundation Governor	4	6
Mr Mike Osborn, Foundation Governor	3	6
Mrs Monica Guntrip, Foundation Governor	5	6
Mrs Nikki Cloudsdale, Co - Opted Governor	6	6
Mr Sean Maher, Headteacher	6	6
Cllr David Fraser, Local Representative Governor	3	6
Mr Sean Binns, Co - Opted Governor	3	3
Mr Neil D'Aguiar, Staff Governor	1	3
Mr Francis Corrigan, Foundation Governor	3	6
Mr Kevin Beatty, Foundation Governor	4	6
Mrs Kathryn Newnham, Parent Governor	6	6
Mr Owen Watters, Parent Governor	5	6
Mr Franco D'Agostino, Foundation Governor	5	6
Mrs Stephanie Harvey, Staff Governor	3	4
Mr Brian O'Neill, Staff Governor	4	4

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to make sure that the academy is following the ESFA's financial regulations.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr John Sabourin, Chair of Finance Committee	5	6
Mr Mark Draper	6	6
Mr Sean Maher	6	6
Mr Mike Osborn	3	6
Mr Franco D'Agostino	5	6
Mr Francis Corrigan	4	6

**GOVERNANCE STATEMENT (continued)**

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**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:

**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 Richard Challoner 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 Finance 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 appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a semi-annual basis, the appointee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

**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:

**RICHARD CHALLONER SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Finance 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 22 November 2018 and signed on their behalf, by:

**Mr M Draper**  
**Chair of Trustees**

**Mr Sean Maher**  
**Accounting Officer**

**RICHARD CHALLONER SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Richard Challoner 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.

**Mr Sean Maher**  
**Accounting Officer**

Date: 22 November 2018

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

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The Trustees (who act as governors of Richard Challoner School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the 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 on 22 November 2018 and signed on its behalf by:

**Mr M Draper**  
**Chair of Trustees**



**RICHARD CHALLONER SCHOOL**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RICHARD CHALLONER SCHOOL**

**OPINION**

We have audited the financial statements of Richard Challoner School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 Financial Reporting Standard 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.

This report is made solely to the Richard Challoner School'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 Richard Challoner School 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 Richard Challoner School for our audit work, for this report, or for the opinions we have formed.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RICHARD CHALLONER SCHOOL**

on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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' remunerations specified by law 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 Governors' responsibilities statement, the Governors (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.

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RICHARD CHALLONER SCHOOL**

**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.

Michael Durst (Senior statutory auditor)

for and on behalf of

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR  
22 November 2018

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RICHARD CHALLONER SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 31 October 2011 and further to the requirements of the Education and 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 Richard Challoner 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 Richard Challoner School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Richard Challoner 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 Richard Challoner School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF RICHARD CHALLONER SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Richard Challoner School's funding agreement with the Secretary of State for Education dated 16 August 2011, and the Academies Financial Handbook extant from 1 September 2016, 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.

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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

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- adherence to tendering policies.

**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.

Reporting Accountant

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

22 November 2018

**RICHARD CHALLONER 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	314,214	4,000	178,076	496,290	471,320
Charitable activities	5	-	6,188,643	-	6,188,643	5,858,366
Other trading activities	3	599,568	216,189	-	815,757	905,914
Investments	4	550	-	-	550	297
<b>TOTAL INCOME</b>		<u>914,332</u>	<u>6,408,832</u>	<u>178,076</u>	<u>7,501,240</u>	<u>7,235,897</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		<u>430,559</u>	<u>6,902,842</u>	<u>311,527</u>	<u>7,644,928</u>	<u>7,543,410</u>
<b>TOTAL EXPENDITURE</b>	6,8,9	<u>430,559</u>	<u>6,902,842</u>	<u>311,527</u>	<u>7,644,928</u>	<u>7,543,410</u>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		483,773	(494,010)	(133,451)	(143,688)	(307,513)
Actuarial gains on defined benefit pension schemes	23	-	343,000	-	343,000	648,000
<b>NET MOVEMENT IN FUNDS</b>		<u>483,773</u>	<u>(151,010)</u>	<u>(133,451)</u>	<u>199,312</u>	<u>340,487</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		674,261	(1,903,289)	1,576,578	347,550	7,063
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>1,158,034</u></u>	<u><u>(2,054,299)</u></u>	<u><u>1,443,127</u></u>	<u><u>546,862</u></u>	<u><u>347,550</u></u>

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07718002**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	15		1,311,710		1,504,946
<b>CURRENT ASSETS</b>					
Stocks	16	5,763		10,175	
Debtors	17	191,332		237,715	
Cash at bank and in hand		461,254		139,228	
		<u>658,349</u>		<u>387,118</u>	
<b>CREDITORS:</b> amounts falling due within one year	18	<u>(481,197)</u>		<u>(458,514)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>177,152</u>		<u>(71,396)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,488,862</u>		<u>1,433,550</u>
Defined benefit pension scheme liability	23		<u>(942,000)</u>		<u>(1,086,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>546,862</u>		<u>347,550</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted income funds	19	(1,112,299)		(817,289)	
Restricted fixed asset funds	19	1,443,127		1,576,578	
Restricted income funds excluding pension liability		330,828		759,289	
Pension reserve		<u>(942,000)</u>		<u>(1,086,000)</u>	
Total restricted funds			<u>(611,172)</u>		<u>(326,711)</u>
Unrestricted income funds	19		<u>1,158,034</u>		<u>674,261</u>
<b>TOTAL FUNDS</b>			<u>546,862</u>		<u>347,550</u>

The financial statements on pages 20 to 43 were approved by the Trustees, and authorised for issue, on 22 November 2018 and are signed on their behalf, by:

**Mr M Draper**  
**Chairman**

**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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

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	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>262,241</u>	<u>6,736</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(118,291)	(199,809)
Capital grants from DfE Group		<u>178,076</u>	<u>213,087</u>
<b>Net cash provided by investing activities</b>		<u>59,785</u>	<u>13,278</u>
<b>Change in cash and cash equivalents in the year</b>		<b>322,026</b>	<b>20,014</b>
Cash and cash equivalents brought forward		<u>139,228</u>	<u>119,214</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>461,254</u></u>	<u><u>139,228</u></u>



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

**1. ACCOUNTING POLICIES**

**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.

Richard Challoner School constitutes a public benefit entity as defined by FRS 102.

**1.2 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.

**1.3 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 incorporating income and expenditure account 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 incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account 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.

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

**1. ACCOUNTING POLICIES (continued)**

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

**1.5 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,000 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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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:

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

**1. ACCOUNTING POLICIES (continued)**

Improvements to property held under licence	-	Expected lives of individual projects
Furniture and fixtures	-	3 years
Computer equipment	-	3 years

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 incorporating income and expenditure account.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**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 are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**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.

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

**1. ACCOUNTING POLICIES (continued)**

**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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**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 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 18. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**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 23, 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**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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 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 23, 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 August 2018 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.

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Donations	314,214	4,000	-	318,214	258,233
Capital Grants	-	-	178,076	178,076	213,087
	<u>314,214</u>	<u>4,000</u>	<u>178,076</u>	<u>496,290</u>	<u>471,320</u>
<i>Total 2017</i>	<u>258,233</u>	<u>-</u>	<u>213,087</u>	<u>471,320</u>	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Trips	-	216,189	216,189	270,477
Other Income	99,996	-	99,996	106,965
Catering Income	294,515	-	294,515	310,164
Lettings Income	189,136	-	189,136	199,505
6th Form Ball Income	15,921	-	15,921	18,803
	<u>599,568</u>	<u>216,189</u>	<u>815,757</u>	<u>905,914</u>
<i>Total 2017</i>	<u>634,009</u>	<u>271,905</u>	<u>905,914</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Investment income	550	-	550	297
	<u>550</u>	<u>-</u>	<u>550</u>	<u>297</u>
<i>Total 2017</i>	<u>297</u>	<u>-</u>	<u>297</u>	

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

**Richard Challoner School**

	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<i>Total funds 2017 £</i>
<b>DfE/ESFA grants</b>			
Government Annual Grant (GAG)	4,957,749	4,957,749	4,822,687
Pupil Premium	70,359	70,359	68,022
Other ESFA Grants	59,213	59,213	65,956
	<u>5,087,321</u>	<u>5,087,321</u>	<u>4,956,665</u>
<b>Other government grants</b>			
SEN Income	1,021,536	1,021,536	804,959
	<u>1,021,536</u>	<u>1,021,536</u>	<u>804,959</u>
<b>Other funding</b>			
Other Income	17,586	17,586	19,542
Other Recharges	55,700	55,700	49,200
Other Grants and Income	6,500	6,500	28,000
	<u>79,786</u>	<u>79,786</u>	<u>96,742</u>
	<u>6,188,643</u>	<u>6,188,643</u>	<u>5,858,366</u>
<i>Total 2017</i>	<u>5,858,366</u>	<u>5,858,366</u>	

**6. EXPENDITURE**

	<b>Staff costs 2018 £</b>	<b>Premises 2018 £</b>	<b>Other costs 2018 £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
<b>Educational Supplies:</b>					
Direct costs	4,127,093	308,385	797,751	5,233,229	5,268,156
Support costs	1,667,955	243,591	500,153	2,411,699	2,275,254
	<u>5,795,048</u>	<u>551,976</u>	<u>1,297,904</u>	<u>7,644,928</u>	<u>7,543,410</u>
<i>Total 2017</i>	<u>5,701,190</u>	<u>459,776</u>	<u>1,382,444</u>	<u>7,543,410</u>	

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	<b>Activities undertaken directly 2018 £</b>	<b>Support costs 2018 £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Educational Supplies	<b>5,233,229</b>	<b>2,411,699</b>	<b>7,644,928</b>	<i>7,543,410</i>
<i>Total 2017</i>	<u><u>5,268,156</u></u>	<u><u>2,275,254</u></u>	<u><u>7,543,410</u></u>	

**8. DIRECT COSTS**

	<b>Educational Supplies</b>	<b>Total 2018</b>	<i>Total 2017</i>
Examination fees	<b>88,816</b>	<b>88,816</b>	<i>102,541</i>
Educational supplies	<b>124,461</b>	<b>124,461</b>	<i>166,041</i>
Staff development	<b>22,108</b>	<b>22,108</b>	<i>14,210</i>
Trip expenditure	<b>213,476</b>	<b>213,476</b>	<i>266,428</i>
Other direct costs	<b>198,473</b>	<b>198,473</b>	<i>196,325</i>
Technology costs	<b>147,275</b>	<b>147,275</b>	<i>61,021</i>
Wages and salaries	<b>3,271,469</b>	<b>3,271,469</b>	<i>3,304,229</i>
National insurance	<b>353,945</b>	<b>353,945</b>	<i>366,267</i>
Pension cost	<b>501,679</b>	<b>501,679</b>	<i>517,754</i>
Depreciation	<b>311,527</b>	<b>311,527</b>	<i>273,340</i>
	<u><u>5,233,229</u></u>	<u><u>5,233,229</u></u>	<u><u>5,268,156</u></u>
<i>Total 2017</i>	<u><u>5,268,156</u></u>	<u><u>5,268,156</u></u>	



**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**9. SUPPORT COSTS**

	<b>Educational Supplies</b>	<b>Total 2018</b>	<i>Total 2017</i>
Pension finance costs	29,000	29,000	34,000
Maintenance of premises and equipment	100,684	100,684	91,795
Energy costs	82,008	82,008	79,267
Insurance	35,400	35,400	39,012
Rates & Water	60,899	60,899	68,157
Administrative supplies	39,529	39,529	41,027
Support staff costs	17,665	17,665	19,732
Cleaning	30,808	30,808	25,113
Catering	191,886	191,886	197,571
Other support costs	134,925	134,925	128,507
Governance costs	20,940	20,940	38,133
Wages and salaries	1,174,038	1,174,038	1,105,882
National insurance	76,810	76,810	77,843
Pension cost	417,107	417,107	329,215
	<u>2,411,699</u>	<u>2,411,699</u>	<u>2,275,254</u>
<i>Total 2017</i>	<u>2,275,254</u>	<u>2,275,254</u>	

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

This is stated after charging:

	<b>2018 £</b>	<i>2017 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	311,527	273,340
Auditors' remuneration - audit	4,000	4,000
Auditors' remuneration - other services	2,725	2,250
Operating lease rentals	<u>56,621</u>	<u>27,093</u>

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>£</i>
Wages and salaries	<b>4,427,649</b>	<i>4,393,959</i>
Social security costs	<b>430,755</b>	<i>444,110</i>
Operating costs of defined benefit pension schemes	<b>918,786</b>	<i>846,969</i>
	<b>5,777,190</b>	<i>5,685,038</i>
Supply teaching costs	<b>17,858</b>	<i>16,152</i>
	<b>5,795,048</b>	<i>5,701,190</i>

**b. Staff numbers**

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

	<b>2018</b>	<i>2017</i>
	<b>No.</b>	<i>No.</i>
Management	<b>9</b>	<i>11</i>
Teachers	<b>66</b>	<i>66</i>
Support Staff	<b>75</b>	<i>79</i>
	<b>150</b>	<i>156</i>
	<b>150</b>	<i>156</i>

**c. Higher paid staff**

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

	<b>2018</b>	<i>2017</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	<b>1</b>	<i>2</i>
In the band £70,001 - £80,000	<b>3</b>	<i>3</i>
In the band £90,001 - £100,000	<b>1</b>	<i>1</i>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £64,572 (2017: £74,368).

**d. Key management personnel**

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £720,654 (2017: £853,867).

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**12. RELATED PARTY TRANSACTIONS- TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
Mr Sean Maher, Head Teacher	Remuneration	90,000-95,000	90,000-95,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Mrs Nikki Cloudsdale, Co - Opted Governor	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr Joe Malden, Staff Governor	Remuneration	NIL	30,000-35,000
	Pension contributions paid	NIL	5,000-10,000
Mr Sean Binns, Co - Opted Governor	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr Neil D'Aguiar, Staff Governor	Remuneration	50,000-55,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr Brian O'Neill, Staff Governor	Remuneration	45,000-50,000	NIL
	Pension contributions paid	5,000-10,000	NIL
Mrs Stephanie Harvey, Staff Governor	Remuneration	35,000-40,000	NIL
	Pension contributions paid	5,000-10,000	NIL

During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

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

**13. TRUSTEES' AND OFFICERS' INSURANCE**

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 £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £403 (2017 - £529).

**14. PENSION FINANCE CHARGES**

	2018	2017
	£	£
Interest income on pension scheme assets	51,000	35,000
Interest on pension scheme liabilities	(80,000)	(69,000)
	<u>(29,000)</u>	<u>(34,000)</u>

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**15. TANGIBLE FIXED ASSETS**

	Improvements to property held under licence £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2017	2,501,656	129,196	-	34,434	2,665,286
Additions	23,054	78,902	16,335	-	118,291
At 31 August 2018	<u>2,524,710</u>	<u>208,098</u>	<u>16,335</u>	<u>34,434</u>	<u>2,783,577</u>
<b>Depreciation</b>					
At 1 September 2017	1,021,034	118,928	-	20,378	1,160,340
Charge for the year	286,639	10,268	3,142	11,478	311,527
At 31 August 2018	<u>1,307,673</u>	<u>129,196</u>	<u>3,142</u>	<u>31,856</u>	<u>1,471,867</u>
<b>Net book value</b>					
At 31 August 2018	<u>1,217,037</u>	<u>78,902</u>	<u>13,193</u>	<u>2,578</u>	<u>1,311,710</u>
At 31 August 2017	<u>1,480,622</u>	<u>10,268</u>	<u>-</u>	<u>14,056</u>	<u>1,504,946</u>

The academy trust company occupies land (including buildings) which are owned by its Trustees who are Diocese of Southwark. The Trustees are the providers of the academy on the same basis as when the academy was a maintained school. The academy trust company occupies the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

**16. STOCKS**

	2018 £	2017 £
Catering stock/cleaning products	<u>5,763</u>	<u>10,175</u>

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**17. DEBTORS**

	2018 £	2017 £
Trade debtors	12,627	43,706
Other debtors	37,090	73,876
Prepayments and accrued income	141,615	120,133
	191,332	237,715
	191,332	237,715

**18. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	87,211	217,812
Other taxation and social security	107,075	110,592
Other creditors	27,077	16,144
Accruals and deferred income	259,834	113,966
	481,197	458,514
	481,197	458,514

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	103,363	73,291
Resources deferred during the year	240,942	103,363
Amounts released from previous years	(103,363)	(73,291)
	240,942	103,363
Deferred income at 31 August 2018	240,942	103,363

At the balance sheet date the academy was holding funds received in advance for ESFA income of £29,452, catering income of £13,289, lettings income of £3,405, trip income of £44,126 and other income of £150,670.

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**19. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>					
General Funds - all funds	674,261	914,332	(430,559)	-	1,158,034
<b>Restricted funds</b>					
Restricted Funds - all funds	(817,289)	6,408,832	(6,703,842)	-	(1,112,299)
Pension reserve	(1,086,000)	-	(199,000)	343,000	(942,000)
	<u>(1,903,289)</u>	<u>6,408,832</u>	<u>(6,902,842)</u>	<u>343,000</u>	<u>(2,054,299)</u>
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Funds - all funds	1,576,578	178,076	(311,527)	-	1,443,127
Total restricted funds	<u>(326,711)</u>	<u>6,586,908</u>	<u>(7,214,369)</u>	<u>343,000</u>	<u>(611,172)</u>
Total of funds	<u><u>347,550</u></u>	<u><u>7,501,240</u></u>	<u><u>(7,644,928)</u></u>	<u><u>343,000</u></u>	<u><u>546,862</u></u>

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

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 Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes.

Restricted general funds are resources for educational purposes.

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.

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
<b>General funds</b>					
General Funds - all funds	279,330	892,539	(497,608)	-	674,261
<b>Restricted funds</b>					
Restricted Funds - all funds	(324,098)	6,130,271	(6,623,462)	-	(817,289)
Pension reserve	(1,585,000)	-	(149,000)	648,000	(1,086,000)
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Funds - all funds	1,636,831	213,087	(273,340)	-	1,576,578
Total of funds	<u>7,063</u>	<u>7,235,897</u>	<u>(7,543,410)</u>	<u>648,000</u>	<u>347,550</u>

**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>					
General Funds - all funds	279,330	1,806,871	(928,167)	-	1,158,034
<b>Restricted funds</b>					
Restricted Funds - all funds	(324,098)	12,539,103	(13,327,304)	-	(1,112,299)
Pension reserve	(1,585,000)	-	(348,000)	991,000	(942,000)
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Funds - all funds	1,636,831	391,163	(584,867)	-	1,443,127
	(272,267)	12,930,266	(14,260,171)	991,000	(611,172)
Total of funds	<u>7,063</u>	<u>14,737,137</u>	<u>(15,188,338)</u>	<u>991,000</u>	<u>546,862</u>

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	1,311,710	1,311,710
Current assets	1,158,034	(631,102)	131,417	658,349
Creditors due within one year	-	(481,197)	-	(481,197)
Provisions for liabilities and charges	-	(942,000)	-	(942,000)
	<u>1,158,034</u>	<u>(2,054,299)</u>	<u>1,443,127</u>	<u>546,862</u>

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

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Restricted fixed asset funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	-	-	1,504,946	1,504,946
Current assets	674,261	(358,775)	71,632	387,118
Creditors due within one year	-	(458,514)	-	(458,514)
Provisions for liabilities and charges	-	(1,086,000)	-	(1,086,000)
	<u>674,261</u>	<u>(1,903,289)</u>	<u>1,576,578</u>	<u>347,550</u>

**21. 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)	(143,688)	(307,513)
<b>Adjustment for:</b>		
Depreciation charges	311,527	273,340
Decrease/(increase) in stocks	4,412	(447)
Decrease/(increase) in debtors	46,383	(3,374)
Increase in creditors	22,683	108,817
Capital grants from DfE and other capital income	(178,076)	(213,087)
Defined benefit pension scheme cost less contributions payable	170,000	115,000
Defined benefit pension scheme finance cost	29,000	34,000
<b>Net cash provided by operating activities</b>	<u>262,241</u>	<u>6,736</u>



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

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	461,254	139,228
Total	<u>461,254</u>	<u>139,228</u>

**23. 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 Royal Borough of Kingston Upon Thames. 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 August 2018.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**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%.

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

**23. 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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £501,679 (2017 - £517,754).

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 £305,000 (2017 - £257,000), of which employer's contributions totalled £247,000 (2017 - £209,000) and employees' contributions totalled £58,000 (2017 - £48,000). The agreed contribution rates for future years are 25.5% for employers and 5.5% to 8.5% for employees.

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

Royal Borough of Kingston Pension Fund

Principal actuarial assumptions:

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

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>	<i>2017</i>
Retiring today		
Males	<b>22.5</b>	<i>22.5</i>
Females	<b>24.8</b>	<i>24.8</i>
Retiring in 20 years		
Males	<b>24.2</b>	<i>24.2</i>
Females	<b>26.7</b>	<i>26.7</i>

**RICHARD CHALLONER SCHOOL**  
(A company limited by guarantee)

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

**23. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2018 £</b>	<i>Fair value at 31 August 2017 £</i>
Equities	<b>1,697,250</b>	<i>1,377,360</i>
Debt instruments	<b>465,000</b>	<i>401,730</i>
Property	<b>116,250</b>	<i>76,520</i>
Cash	<b>46,500</b>	<i>57,390</i>
	<hr/>	<hr/>
Total market value of assets	<b>2,325,000</b>	<i>1,913,000</i>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £88,000 (2017 - £119,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2018 £</b>	<i>2017 £</i>
Current service cost	<b>(417,000)</b>	<i>(324,000)</i>
Interest income	<b>51,000</b>	<i>35,000</i>
Interest cost	<b>(80,000)</b>	<i>(69,000)</i>
	<hr/>	<hr/>
Total	<b>(446,000)</b>	<i>(358,000)</i>
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	<b>88,000</b>	<i>119,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2018 £</b>	<i>2017 £</i>
Opening defined benefit obligation	<b>2,999,000</b>	<i>3,144,000</i>
Current service cost	<b>417,000</b>	<i>324,000</i>
Interest cost	<b>80,000</b>	<i>69,000</i>
Employee contributions	<b>58,000</b>	<i>48,000</i>
Actuarial gains	<b>(255,000)</b>	<i>(529,000)</i>
Benefits paid	<b>(32,000)</b>	<i>(57,000)</i>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>3,267,000</b>	<i>2,999,000</i>
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**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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

**23. PENSION COMMITMENTS (continued)**

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

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>1,913,000</b>	<i>1,559,000</i>
Interest income	<b>51,000</b>	<i>35,000</i>
Actuarial gains	<b>88,000</b>	<i>119,000</i>
Employer contributions	<b>247,000</b>	<i>209,000</i>
Employee contributions	<b>58,000</b>	<i>48,000</i>
Benefits paid	<b>(32,000)</b>	<i>(57,000)</i>
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>2,325,000</b>	<i>1,913,000</i>
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**24. OPERATING LEASE COMMITMENTS**

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

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<b>£</b>
<b>Amounts payable:</b>		
Within 1 year	<b>142,582</b>	<i>41,082</i>
Between 1 and 5 years	<b>100,602</b>	<i>179,006</i>
	<hr/>	<hr/>
Total	<b>243,184</b>	<i>220,088</i>
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**RICHARD CHALLONER SCHOOL**  
**(A company limited by guarantee)**

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

**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

The academy trust company occupies land (including buildings) which are owned by its Trustees who are Diocese of Southwark. The Trustees are the providers of the academy on the same basis as when the academy was a maintained school. The academy trust company occupies the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

There were no further transactions during the period between the academy and the Diocese of Southwark (2017: £NIL). There were no balances owing to/from the Diocese of Southwark at 31 August 2018 (2017: £NIL).

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<b>£</b>
Mrs Catriona Maher (Teacher in the School) - Wife of Head Teacher Mr Sean Maher	<b>25,499</b>	<i>16,824</i>
Mr Mike Cloudsale (Support Staff in the School) - Husband of Staff Governor Mrs Nikki Cloudsdale	<b>26,829</b>	<i>26,562</i>
Mrs Angela Maher (6th form Cafe Manager) - Mother of Head Teacher Mr Sean Maher	<b>10,879</b>	<i>10,772</i>
	<b>=====</b>	<b>=====</b>

**26. 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.