

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

LANDAU BAKER LIMITED
Chartered Accountants & Statutory Auditor
Mountcliff House
154 Brent Street
London
NW4 2DR

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its trustees and advisers	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 42

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 Joe Malden, Staff Governor (resigned 31 July 2017)
Mr Sean Maher, Headteacher
Cllr David Fraser, Local Representative Governor
Mr Sean Binns, Co - Opted Governor
Mr Neil D'Aguiar, Staff Governor
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

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

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Company secretary

Mr Reg Baker

Senior management team

Mr Sean Maher, Headteacher and Accounting Officer

Mr Sean Binns, Deputy Headteacher

Mr Neil Henderson, Deputy Headteacher

Mr Ian O'Brien, Deputy Headteacher

Mr Sean Norton, Assistant Headteacher

Mr David Steele, Assistant Headteacher

Mrs Rose Costello, Associate Deputy Headteacher

Mr Tom Brook, 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)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. 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
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

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

h. 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.

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 either the Kingston or Sutton Deanery.

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.

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the period ended 31 August 2017 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.

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic Report

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

- The school achieved outstanding academic results this year with some data putting Challoner in the top five 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 +0.64, Attainment 8 at 57.1, Grade 5 or above in English and Maths 69% (National 39.1%), EBacc at grade 5 or above 57% (National 19.5%), Grade 4 or above in English and Maths 90% (National 63.3%).
- The schools had a record number of applications for the academic year 2017/18 with over four applicants for every place available. The school has maintained a stable staff despite a reduction in the overall work force due to budget constraints.
- The schools continued to offer a wide range of wider curriculum events including a musical, 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 won all five District Football cups and is the only comprehensive school in Kingston to offer regular sport on Saturday mornings. A wide range of students participate in this fantastic wider curriculum offer.
- The school continues to attract recognition for its achievements including being asked to apply for the World Class Schools Quality Mark and 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 has successfully managed the re-structuring of its Senior Leadership team to reduce the numbers of Assistant Headteachers and Deputy Headteachers. We have also developed a new system for performance managements, introduced a new Key Stage 3 curriculum and restructured the school year to focus on developing all staff so that they can achieve their potential in the classroom.
- The school successfully managed a conditional improvement fund project to replace all the remaining critical windows.

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

The Charitable Company was incorporated on 26th July 2011 and commenced operating as an academy school on 17th August 2011. No activities were carried on by the company from the date of incorporation until the 17th 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 Funding Agency (E.F.A.) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the E.F.A. during the period ended 31 August 2017 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.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.

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

Reserves at the end of the period amounted to £347,550 (2016: £7,063)

d. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

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

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PLANS FOR FUTURE PERIODS

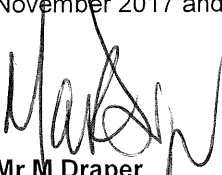
- The school has five strategic priorities for the 2017/18 academic years:
 1. Implementing new Key Stage 3 curriculum and assessment policy.
 2. A strategic review of the pastoral systems and House system.
 3. Embedding staff planning days and new specifications at Key Stage 4.
 4. Continue to progress staff coaching and development system to ensure everyday excellence in the classroom.
 5. To embed whole school formative assessment especially focussing on hierarchies to mastery.
- The school will continue to progress conditional improvement fund bids for site security and fire safety as well as work with the local authority to secure funding for building two new classrooms.
- Richard Challoner 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.

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 16 November 2017 and signed on its behalf by:


Mr M Draper
Chair of Trustees

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

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	5	6
Mr John Sabourin, Foundation Governor & Chair of Finance Committee	6	6
Fr Kevan Hayden, Foundation Governor	4	6
Mr Mike Osborn, Foundation Governor	4	6
Mrs Monica Guntrip, Foundation Governor	4	6
Mrs Nikki Cloudsdale, Co - Opted Governor	5	6
Mr Joe Malden, Staff Governor	6	6
Mr Sean Maher, Headteacher	6	6
Cllr David Fraser, Local Representative Governor	5	6
Mr Sean Binns, Co - Opted Governor	6	6
Mr Neil D'Aguiar, Staff Governor	3	6
Mr Francis Corrigan, Foundation Governor	5	6
Mr Kevin Beatty, Foundation Governor	5	6
Mrs Kathryn Newnham, Parent Governor	4	6
Mr Owen Watters, Parent Governor	4	6
Mr Franco D'Agostino, Foundation Governor	5	6

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 EFA'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	4	6
Mr Franco D'Agostino	4	6
Mr Francis Corrigan	5	6

GOVERNANCE STATEMENT (continued)

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 2016 to 31 August 2017 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 2016 to 31 August 2017 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:

- the work of the external auditors;
- the financial management and governance self-assessment process;

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- 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 16 November 2017 and signed on their behalf, by:



Mr M Draper
Chair of Trustees



Mr Sean Maher
Accounting Officer

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Richard Challoner School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy 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 2016.

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 2016.

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: 16 November 2017

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 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 EFA/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 16 November 2017 and signed on its behalf by:



Mr M Draper
Chair of Trustees

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**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 2017 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 2016 to 2017 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 2017 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 2016 to 2017 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

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**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 and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' 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.

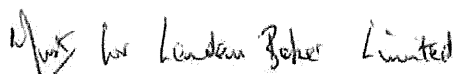
RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**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. This description forms part of our Auditors' report.



Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR
16 November 2017

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

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

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 2016 to 2017, 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 2016 to 31 August 2017 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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)

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

- 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Landau Baker Limited

Chartered Accountants
Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR

16 November 2017

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

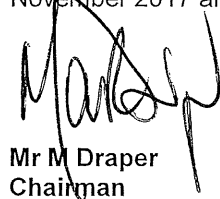
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	258,233	-	213,087	471,320	290,968
Charitable activities	5	-	5,858,366	-	5,858,366	6,028,918
Other trading activities	3	634,009	271,905	-	905,914	751,729
Investments	4	297	-	-	297	511
TOTAL INCOME		892,539	6,130,271	213,087	7,235,897	7,072,126
EXPENDITURE ON:						
Charitable activities		497,608	6,772,462	273,340	7,543,410	7,380,008
TOTAL EXPENDITURE	6,8,9	497,608	6,772,462	273,340	7,543,410	7,380,008
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		394,931	(642,191)	(60,253)	(307,513)	(307,882)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	648,000	-	648,000	(551,000)
NET MOVEMENT IN FUNDS		394,931	5,809	(60,253)	340,487	(858,882)
RECONCILIATION OF FUNDS:						
Total funds brought forward		279,330	(1,909,098)	1,636,831	7,063	865,945
TOTAL FUNDS CARRIED FORWARD		674,261	(1,903,289)	1,576,578	347,550	7,063

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	15		1,504,946		1,578,477
CURRENT ASSETS					
Stocks	16	10,175		9,728	
Debtors	17	237,715		234,341	
Cash at bank and in hand		139,228		119,214	
			<u>387,118</u>	<u>363,283</u>	
CREDITORS: amounts falling due within one year	18	(458,514)		(349,697)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(71,396)</u>		<u>13,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,433,550</u>		<u>1,592,063</u>
Defined benefit pension scheme liability	23		<u>(1,086,000)</u>		<u>(1,585,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>347,550</u></u>		<u><u>7,063</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	(817,289)		(324,098)	
Restricted fixed asset funds	19	1,576,578		1,636,831	
			<u>759,289</u>	<u>1,312,733</u>	
Restricted income funds excluding pension liability			<u>(1,086,000)</u>	<u>(1,585,000)</u>	
Pension reserve					
Total restricted income funds			<u>(326,711)</u>		<u>(272,267)</u>
Unrestricted income funds	19		<u>674,261</u>		<u>279,330</u>
TOTAL FUNDS			<u><u>347,550</u></u>		<u><u>7,063</u></u>

The financial statements on pages 19 to 41 were approved by the Trustees, and authorised for issue, on 16 November 2017 and are signed on their behalf, by:


Mr M Draper
Chairman

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	6,736	(19,520)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(199,809)	(103,806)
Capital grants from DfE/ESFA		213,087	52,407
Net cash provided by/(used in) investing activities		13,278	(51,399)
Change in cash and cash equivalents in the year		20,014	(70,919)
Cash and cash equivalents brought forward		119,214	190,133
Cash and cash equivalents carried forward		139,228	119,214

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 2016 to 2017 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 the Department for Education 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 and include grants from the Department for Education.

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.

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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:

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Improvements to property held under licence	-	Expected lives of individual projects
Fixtures and fittings	-	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 2017**

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 2017**

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 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	258,233	-	-	258,233	238,561
Capital Grants	-	-	213,087	213,087	52,407
	<u>258,233</u>	<u>-</u>	<u>213,087</u>	<u>471,320</u>	<u>290,968</u>
<i>Total 2016</i>	<u>238,561</u>	<u>-</u>	<u>52,407</u>	<u>290,968</u>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Trips	-	270,477	270,477	209,764
Other Income	105,537	1,428	106,965	42,830
Catering Income	310,164	-	310,164	317,435
Lettings Income	199,505	-	199,505	167,657
6th Form Ball Income	18,803	-	18,803	14,043
	<u>634,009</u>	<u>271,905</u>	<u>905,914</u>	<u>751,729</u>
<i>Total 2016</i>	<u>539,232</u>	<u>212,497</u>	<u>751,729</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	297	-	297	511
<i>Total 2016</i>	<u>511</u>	<u>-</u>	<u>511</u>	

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Richard Challoner School

	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants			
Government Annual Grant (GAG)	4,822,687	4,822,687	5,038,584
Pupil Premium	68,022	68,022	64,359
Other EFA Grants	65,956	65,956	58,580
	<u>4,956,665</u>	<u>4,956,665</u>	<u>5,161,523</u>
Other government grants			
SEN Income	804,959	804,959	733,608
	<u>804,959</u>	<u>804,959</u>	<u>733,608</u>
Other funding			
Other Income	19,542	19,542	50,787
Other Recharges	49,200	49,200	60,000
Other Grants and Income	28,000	28,000	23,000
	<u>96,742</u>	<u>96,742</u>	<u>133,787</u>
	<u>5,858,366</u>	<u>5,858,366</u>	<u>6,028,918</u>
<i>Total 2016</i>	<u>6,028,918</u>	<u>6,028,918</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Supplies:					
Direct costs	4,188,212	273,340	806,604	5,268,156	5,059,933
Support costs	1,512,978	186,436	575,840	2,275,254	2,320,075
	<u>5,701,190</u>	<u>459,776</u>	<u>1,382,444</u>	<u>7,543,410</u>	<u>7,380,008</u>
<i>Total 2016</i>	<u>5,615,729</u>	<u>139,376</u>	<u>1,624,903</u>	<u>7,380,008</u>	

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational Supplies	5,268,156	2,275,254	7,543,410	7,380,008
<i>Total 2016</i>	<i>5,059,933</i>	<i>2,320,075</i>	<i>7,380,008</i>	

8. DIRECT COSTS

	Educational Supplies	Total 2017	Total 2016
Exam Fees	102,541	102,541	94,974
Educational Supplies	166,041	166,041	136,949
Staff Development	14,210	14,210	21,575
Trip Expenditure	266,428	266,428	207,012
Other direct costs	196,325	196,325	215,881
Technology costs	61,021	61,021	60,145
Wages and salaries	3,304,229	3,304,229	3,237,527
National insurance	366,267	366,267	312,593
Pension cost	517,754	517,754	506,396
Depreciation	273,340	273,340	266,881
	5,268,156	5,268,156	5,059,933
<i>At 31 August 2016</i>	<i>5,059,933</i>	<i>5,059,933</i>	

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. SUPPORT COSTS

	Educational Supplies	Total 2017	Total 2016
Pension finance costs	34,000	34,000	37,000
Maintenance of premises and equipment	91,795	91,795	100,473
Energy costs	79,267	79,267	89,008
Insurance	39,012	39,012	40,381
Rates & Water	68,157	68,157	59,065
Administrative supplies	41,027	41,027	70,118
Support staff costs	19,732	19,732	17,466
Cleaning	25,113	25,113	21,878
Catering	197,571	197,571	206,494
Other Support costs	128,507	128,507	107,477
Governance costs	38,133	38,133	11,502
Wages and salaries	1,105,882	1,105,882	1,241,297
National insurance	77,843	77,843	69,069
Pension cost	329,215	329,215	248,847
	<u>2,275,254</u>	<u>2,275,254</u>	<u>2,320,075</u>
<i>At 31 August 2016</i>	<u>2,320,075</u>	<u>2,320,075</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	273,340	266,881
Auditors' remuneration - audit	4,000	4,000
Auditors' remuneration - other services	2,250	2,050
Operating lease rentals: - other operating leases	<u>27,093</u>	<u>24,829</u>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,391,052	4,472,443
Social security costs	444,110	381,662
Operating costs of defined benefit pension schemes	846,969	755,243
	<u>5,682,131</u>	<u>5,609,348</u>
Apprenticeship levy	2,907	-
Supply teacher costs	16,152	6,381
	<u>5,701,190</u>	<u>5,615,729</u>

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

	2017 No.	2016 No.
Management	11	12
Teachers	66	67
Support Staff	79	82
	<u>156</u>	<u>161</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	3	3
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £74,368 (2016: £73,468).

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 £853,867 (2016: £897,808).

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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:

		2017 £	2016 £
Mr Sean Maher, Head Teacher	Remuneration	90,000-95,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs Nikki Cloudsdale, Co - Opted Governor	Remuneration	50,000-55,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr Joe Malden, Staff Governor	Remuneration	30,000-35,000	30,000-35,000
	Pension contributions paid	5,000-10,000	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	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year, no Trustees received any reimbursement of expenses (2016 - £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 2017 was £529 (2016 - £608).

14. PENSION FINANCE CHARGES

	2017 £	2016 £
Interest income on pension scheme assets	35,000	45,000
Interest on pension scheme liabilities	(69,000)	(82,000)
	<u>(34,000)</u>	<u>(37,000)</u>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. TANGIBLE FIXED ASSETS

	Improvements to property held under licence £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	2,301,847	129,196	34,434	2,465,477
Additions	199,809	-	-	199,809
At 31 August 2017	2,501,656	129,196	34,434	2,665,286
Depreciation				
At 1 September 2016	767,112	110,988	8,900	887,000
Charge for the year	253,922	7,940	11,478	273,340
At 31 August 2017	1,021,034	118,928	20,378	1,160,340
Net book value				
At 31 August 2017	1,480,622	10,268	14,056	1,504,946
At 31 August 2016	1,534,735	18,208	25,534	1,578,477

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

	2017 £	2016 £
Catering stock/cleaning products	10,175	9,728

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. DEBTORS

	2017 £	2016 £
Trade debtors	43,706	62,199
Other debtors	73,876	29,537
Prepayments and accrued income	120,133	142,605
	<u>237,715</u>	<u>234,341</u>

18. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	217,812	105,368
Other taxation and social security	110,592	110,365
Other creditors	16,144	19,072
Accruals and deferred income	113,966	114,892
	<u>458,514</u>	<u>349,697</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	73,291	11,546
Resources deferred during the year	103,363	73,291
Amounts released from previous years	(73,291)	(11,546)
Deferred income at 31 August 2017	<u>103,363</u>	<u>73,291</u>

At the balance sheet date the academy was holding funds received in advance for EFA income of £31,721, catering income of £8,001, lettings income of £27,032, trip income of £12,568 and other income of £24,041.

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds					
General Funds - all funds	279,330	892,539	(497,608)	-	674,261
Restricted funds					
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)
	<u>(1,909,098)</u>	<u>6,130,271</u>	<u>(6,772,462)</u>	<u>648,000</u>	<u>(1,903,289)</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	1,636,831	213,087	(273,340)	-	1,576,578
Total restricted funds	<u>(272,267)</u>	<u>6,343,358</u>	<u>(7,045,802)</u>	<u>648,000</u>	<u>(326,711)</u>
Total of funds	<u><u>7,063</u></u>	<u><u>7,235,897</u></u>	<u><u>(7,543,410)</u></u>	<u><u>648,000</u></u>	<u><u>347,550</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds					
General Funds - all funds	274,300	778,304	(440,776)	(332,498)	279,330
	<u>274,300</u>	<u>778,304</u>	<u>(440,776)</u>	<u>(332,498)</u>	<u>279,330</u>
Restricted funds					
Restricted Funds - all funds	(290,660)	6,241,415	(6,607,351)	332,498	(324,098)
Pension reserve	(969,000)	-	(65,000)	(551,000)	(1,585,000)
	<u>(1,259,660)</u>	<u>6,241,415</u>	<u>(6,672,351)</u>	<u>(218,502)</u>	<u>(1,909,098)</u>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	1,851,305	52,407	(266,881)	-	1,636,831
	<u>1,851,305</u>	<u>52,407</u>	<u>(266,881)</u>	<u>-</u>	<u>1,636,831</u>
Total restricted funds	591,645	6,293,822	(6,939,232)	(218,502)	(272,267)
	<u>591,645</u>	<u>6,293,822</u>	<u>(6,939,232)</u>	<u>(218,502)</u>	<u>(272,267)</u>
Total of funds	865,945	7,072,126	(7,380,008)	(551,000)	7,063
	<u>865,945</u>	<u>7,072,126</u>	<u>(7,380,008)</u>	<u>(551,000)</u>	<u>7,063</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 2017.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
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>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	1,578,477	1,578,477
Current assets	279,330	25,599	58,354	363,283
Creditors due within one year	-	(349,697)	-	(349,697)
Provisions for liabilities and charges	-	(1,585,000)	-	(1,585,000)
	<u>279,330</u>	<u>(1,909,098)</u>	<u>1,636,831</u>	<u>7,063</u>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(307,513)	(307,882)
Adjustment for:		
Depreciation charges	273,340	266,881
(Increase)/decrease in stocks	(447)	1,514
Increase in debtors	(3,374)	(20,397)
Increase in creditors	108,817	27,771
Capital grants from DfE and other capital income	(213,087)	(52,407)
Defined benefit pension scheme cost less contributions payable	115,000	32,000
Defined benefit pension scheme finance cost	34,000	33,000
Net cash provided by/(used in) operating activities	6,736	(19,520)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	139,228	119,214
Total	139,228	119,214

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 2017.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £517,754 (*2016 - £506,396*).

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).

Under the definitions set out in FRS 102, the TPS is a 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 2017 was £257,000 (*2016 - £270,000*), of which employer's contributions totalled £209,000 (*2016 - £220,000*) and employees' contributions totalled £48,000 (*2016 - £50,000*). 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:

	2017	<i>2016</i>
Discount rate for scheme liabilities	2.50 %	<i>2.10 %</i>
Rate of increase in salaries	2.80 %	<i>4.10 %</i>
Rate of increase for pensions in payment / inflation	2.40 %	<i>2.10 %</i>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

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

	2017	<i>2016</i>
Retiring today		
Males	22.5	<i>22.5</i>
Females	24.8	<i>24.7</i>
Retiring in 20 years		
Males	24.2	<i>24.6</i>
Females	26.7	<i>27.0</i>

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

	Fair value at 31 August 2017 £	<i>Fair value at 31 August 2016 £</i>
Equities	1,377,360	<i>1,091,300</i>
Debt instruments	401,730	<i>389,750</i>
Property	76,520	<i>62,360</i>
Cash	57,390	<i>15,590</i>
Total market value of assets	<u>1,913,000</u>	<i><u>1,559,000</u></i>

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

	2017 £	<i>2016 £</i>
Current service cost	(324,000)	<i>(250,000)</i>
Interest income	35,000	<i>45,000</i>
Interest cost	(69,000)	<i>(82,000)</i>
Admin expenses	-	<i>(2,000)</i>
Total	<u>(358,000)</u>	<i><u>(289,000)</u></i>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	3,144,000	2,021,000
Current service cost	324,000	250,000
Interest cost	69,000	82,000
Employee contributions	48,000	50,000
Actuarial (gains)/losses	(529,000)	756,000
Benefits paid	(57,000)	(13,000)
Administrative expenses	-	(2,000)
	<u>2,999,000</u>	<u>3,144,000</u>
Closing defined benefit obligation	<u>2,999,000</u>	<u>3,144,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,559,000	1,052,000
Interest income	35,000	45,000
Actuarial losses	119,000	205,000
Employer contributions	209,000	220,000
Employee contributions	48,000	50,000
Benefits paid	(57,000)	(13,000)
	<u>1,913,000</u>	<u>1,559,000</u>
Closing fair value of scheme assets	<u>1,913,000</u>	<u>1,559,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	41,082	27,093
Between 1 and 5 years	179,006	181,619
	<u>220,088</u>	<u>208,712</u>
Total	<u>220,088</u>	<u>208,712</u>

RICHARD CHALLONER SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. RELATED PARTY TRANSACTIONS

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

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 (2016: £NIL). There were no balances owing to/from the Diocese of Southwark at 31 August 2017 (2016: £NIL).

	2017 £	2016 £
Mrs Catriona Maher (Teacher in the School) - Wife of Head Teacher Mr Sean Maher	16,824	16,664
Mr Mike Cloudsale (Support Staff in the School) - Husband of Staff Governor Mrs Nikki Cloudsdale	26,562	26,300
Mrs Angela Maher (6th form Cafe Manager) - Mother of Head Teacher Mr Sean Maher	10,772	12,216
	<u> </u>	<u> </u>

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.