

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Oxford Diocesan Board of Education
Chair of Governors
Buckinghamshire County Council

Trustees

A Brown (Chairman)
C Adams
S Adams
M Arif
D Butler
C Chavda, Staff Trustee (appointed 7 December 2017, resigned 24 July 2018)
S Elkins-Jarrett
G Ellerton
P Garner (appointed 18 May 2018)
G Hull
J Malik
C Mastorilli
K Patrick, Principal and Accounting Officer
M Paxton
R Rochon (appointed 27 March 2018)
K Shaw
P Stansbury
A Wilson (resigned 19 June 2018)
C Olivier, Staff Trustee (resigned 19 September 2017)

Company registered number

07718351

Company name

The Chiltern Hills Academy

Principal and registered office

Church House Oxford, Langford Locks, Kidlington, Oxford, OX5 1GF

Senior management team

K Patrick, Principal
J Conway, Vice Principal
T Dobbs, Vice Principal
A Griffiths, Vice Principal

Independent auditors

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

Bankers

Barclays Bank Plc, Newall Road, Hounslow, TW6 2RE

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

Advisers (continued)

Solicitors

Winkworth Sherwood, 16 Beaumont Street, Oxford, OX1 2LZ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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.

The Trust operates an academy for pupils aged 11 to 19 serving a catchment area in Chesham and the surrounding area within a 3 mile radius. It had a roll of 916 in the school census on 4 October 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Chiltern Hills Academy Limited are also the directors of the charitable company for the purposes of company law. Trustees are also referred to as governors under education law. For the purpose of this report, the term trustees will be used. The charitable company known as The Chiltern Hills Academy was incorporated on 26 July 2011 and opened on 1 September 2011.

Details of the trustees who served during the period are included in the Reference and Administrative details on page 1.

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.

Trustees' Indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment 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 academy.

Method of Recruitment and Appointment or Election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- The Principal
- 2 parent trustees, appointed by election of parents of registered pupils at the academy
- 11 foundation trustees, consisting of 9 trustees appointed by the Oxford Diocesan Board of Education and 2 trustees appointed by Buckinghamshire County Council (the local authority)
- Up to 2 Trustees co-opted by the Foundation Trustees
- 1 staff trustee appointed by staff election
- Any trustees appointed by the Secretary of State for Education

The term of office for any trustee is 4 years. The Principal's term of office runs parallel with his term of appointment. Subject to remaining eligible to be a particular type of trustee, any trustee may be reappointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

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The training and induction provided for new trustees will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new trustees are given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, budgets and other documents that they will need to understand their role as trustees and directors of the academy.

Organisational Structure

The academy has established a management structure to enable its efficient running. The structure consists of three levels: the trustees, the senior leadership team of Principal and Vice Principals, and a middle leadership group consisting of subject and academic year leaders.

The governing body has considered its role thoughtfully and decided that the role of the trustees is to approve the strategic direction and objectives of the academy 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. The Principal is directly responsible for the day to day running of the academy and is assisted by a senior leadership team.

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

The Principal is a trustee and is the Accounting Officer for the academy.

The Governing Body has established eight committees. Each committee has its own terms of reference detailing the responsibilities discharged to the committee and to the Principal (The Accounting Officer). The terms of reference and meeting frequency for each committee is reviewed and approved by the Governing Body annually. The terms of reference for the Finance Committee detail the Academy's authorised spending limits. A working group of Trustees was formed in 2015-16 to review the future of Multi Academy Trust (MAT) provision for The Chiltern Hills Academy. In 2017 -18 an additional governors working group was formed to review the plans for future expansion of the academy.

The committees of the Governing Body are:

- Finance and Audit
- Management (Personnel/Premises/Health & Safety)
- Learning and Teaching (Curriculum/Achievement)
- Admissions
- Student Discipline
- Staff Discipline and Dismissal
- Staff Dismissal Appeals & Staff Appeals
- Staff Warning Appeals Committee

Groups of Trustees may be formally organised outside of the committee structure to support the Academy as required to consider significant areas of change management, e.g. Principal, Vice Principal recruitment.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is determined by a variety of contributory factors, such as, the academy group size, Internal Schools Review, the pay scales for each role e.g. Principal, Vice Principals, and the level of experience of the staff member. In addition to this, levels of pay may be effected by any nationally agreed pay awards, the ability to recruit key management personnel and retain them in post, which all coincides with the academy's appointment and pay policies. All amendments to key management personnel's pay and remuneration is discussed and agreed by the governing body.

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Related Parties and other Connected Charities and Organisations

The Academy has a lead sponsor, the Diocese of Oxford and a second sponsor Buckinghamshire Local Authority. The Academy works with local junior schools and collaborates with other schools providing opportunities for leadership, community and learning opportunities. The shared vision of the sponsors and industry partners has transformed the curriculum, providing opportunities for students to engage directly with practitioners and successful innovative individuals from across a range of organisations for example: Bucks New University, University of the Arts London and Buckinghamshire Business First. To support Initial Teacher Training (ITT) the school has positive working relationships with Astra Alliance and Brunel University.

Objectives and Activities

Objects and Aims

The principal object and activity of The Chiltern Hills Academy is to provide a broad and balanced education for pupils of all abilities in the Chesham area. The Governing Body sets the Academy's strategic aims through the Academy Development Plan. These aims are monitored closely by the Governing Body by way of reports from the Principal, the work of the committees and visits by Trustees to linked subject areas.

Objectives, Strategies and Activities

The Academy is founded on Christian values and principles through an ethos that promotes personal responsibility, self-respect, a valuing of the beliefs and views of others, self-confidence and a commitment to success and achievement. Embedded within the curriculum are the Christian values of Honesty, Respect, Compassion, Love, Forgiveness, Self-discipline and Hope.

The Academy Mission:

Chiltern Hills Academy is a community that encourages all to create, aspire and excel.

Create

Together we encourage creativity through a harmonious and caring community based on Christian values

Aspire

Together we celebrate success and install confidence that will equip students for life

Excel

Together we nurture self-belief to raise ambitions helping all to understand the importance of education

The key aims of the Academy for the forthcoming year are:

1. Instil a culture of high achievement
2. Provide outstanding learning and teaching
3. Become the number one school of choice in the Chesham area
4. Shared values and ethos
5. Maximise student attendance

The detail of the Academy Development Plan is developed as a result of, and monitored through, department reviews, lesson observations, learning walks, self-evaluation and data analysis. Continual Professional Development for staff and performance management play an important role in the continual improvement of the Academy.

Public Benefit

In setting the objectives, the trustees have given careful consideration to the Charity Commission's general

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FOR THE YEAR ENDED 31 AUGUST 2018

guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities.
- Providing community events such as the bi-annual Careers Fair.
- Local primary schools use the facilities for sports and competitions.
- Undertaking voluntary events e.g. litter collecting, community events.

Strategic report

Achievements and performance

There were 850 students on roll, (including 98 in the sixth form), during the summer term 2018.

Staff and students continue to enjoy the fabulous learning environment within the Academy. Students care for each other and they care for the facilities. Visitors to the Academy remark on the buildings and how they are being respected by the school community. The Academy is calm and there is a purposeful learning atmosphere.

The Chiltern Hills Seven, our "blueprint" for excellence in teaching is the basis for lesson planning. Lessons judged to be Good or Outstanding account for 96% of all lessons observed during the year.

Students have been keen to support one another. There are a number of mentoring groups and support structures in place to enable students to gain academic skills from one another as well as for pastoral support.

Our range of opportunities outside the classroom has continued to expand. A number of Year 10 students took part in Tall Ships Challenge; a team building activity working as part of a large crew on a tall ship. The students raised over £3,000 in order to participate, thus developing entrepreneurial skills as well as leadership skills. The Enrichment programme for all Year 7, Year 8 and Year 12 students has proved to be a real success. Students undertake a range of activities each Tuesday afternoon working in mixed age groups in a wide range of interesting areas linked to hobbies, sports, personal development and self-improvement. Additionally this year a group of students supported by World Challenge raised money and spent two weeks in Nepal undertaking community work and leadership development.

GCSE examinations

This year group worked hard, with many attending the extra revision sessions provided for them in the evening, weekends and during the holidays. A record set of results was achieved by Year 11 students in 2018.

A Level Examinations

This year there was a 99% pass rate at A Level. All students in Year 13 aiming to study for a degree at university achieved their desired places. Other students have progressed to apprenticeships and to employment.

OFSTED

In February 2017 the Academy had an Ofsted inspection. The outcome of the inspection was to grade the Academy "Good" in all categories. The actions from the report include:

1. Strengthen the quality of teaching further so that:
 - Teachers have consistently high expectations of pupils and give them challenging work to do
 - All teachers help pupils to improve their writing
 - Disadvantaged pupils and those who have special educational needs and/or disabilities make progress in line with national averages.

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2. Sharpen middle leaders' use of assessment information so they consistently use this information to identify and support pupils who are at risk of falling behind.

These actions have been included in the new Academy Development Plan and will be monitored closely by the Governing Body.

Key Performance Indicators

The tables below provide a summary of the Academy's performance in the Summer 2018 examination season.

GCSE examination results	2017	2018
5A*-C / 9-4	58%	64%
5A*-C /9-4 Inc. English and Maths	58%	62%
5A*-G / 9-1	99%	100%
1A*-G / 9-1	100%	100%
Achieving the EBACC (grade 4 or above)	18%	22%
Progress 8	-0.08	0.03
Attainment 8	42.3 (C)	45.37

A2 examination results	2017	2018
A*-E	98%	99%
A*-C	76%	80%
A*-B	34%	38% (FFT 12% target)

Going Concern

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

Financial Review

During the period, ESFA/LA grants received totalled £4,407,806 (2017: £4,231,250). Other income included within restricted funds totalled £85,923 (2017: £83,934). Restricted fund expenditure totalled £4,986,406 (2017: £4,658,944).

The main source of unrestricted income is donations, totaling to £95,636 (2017: 80,085) and catering income, totaling to £106,391 (2017: £74,545).

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA 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 ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), 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

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problem. The employer contributions were reviewed in 2017 and have remained at 22.8% until 1 April 2020.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

The Trustees through the Finance Committee and Principal receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The Finance Committee also review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the Academy.

Reserves Policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free')

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 annually and aim to build and maintain the reserves level by entering into cost effective agreements, whilst in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £935,711. This balance includes unrestricted funds (free reserves) of £820,827 which is considered appropriate for the Academy Trust, and restricted funds of £114,884. The Governing Body have determined that the appropriate level of free reserves should be a sum equivalent to one month's payroll, approximately £300,000 and an additional £100,000 due to the uncertainties of future Government spending.

The reason for this reserve is to provide sufficient working capital and to provide a cushion to deal with unexpected emergencies. In future years capital maintenance and development projects may be considered in the reserves policy review. In April 2016, the Finance Committee agreed, in principle, to support the proposed 4G pitch development by earmarking £100,000 of reserves towards this capital project.

The amount of designations made in relation to the unrestricted reserves totals to £NIL.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totaling to £1,504,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the

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deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

Investment Policy

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2018, no investments were held.

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 majority of risks identified on the risk register are low risks, as a result of:

- policies and procedures put in place by directors to minimise risks, including budget management and forecasting procedures
- the procurement of adequate insurance cover
- investing in staff training and continuing professional development
- a clear school improvement strategy to ensure good outcomes for pupils
- policies and procedures which protect staff, students and The Chiltern Hills Academy and reduce the risk of safeguarding failures

Principal risks identified by directors in the risk review were:

- Significant change in DfE funding policy resulting in insufficient funds to deliver services to an appropriate level.
Actions agreed to address this:
 - o awareness of policy change via schools forum, seminars and ESFA bulletins
 - o review of medium to long term financial planning on a termly basis
 - o maintain appropriate levels of funding reserves
 - o maximise income through facilities lettings
- Increasing pension deficits result in increased employer contributions.
Actions agreed to address this:
 - o include potential increase in medium to long term financial planning
 - o reduce number of staff

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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 the health and safety regulations, pertaining to both staff and students.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2018.

Fundraising

The Academy Trust carries out a limited amount of fundraising events during the year mainly consisting of non-uniform days. When fundraising is undertaken systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and ensures all activities are agreed and monitored at Senior Leadership Team level. All fund raising is undertaken ensuring that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. No complaints or issues have arisen as a result of fundraising events but any complaints received would be handled and monitored through the Trust's complaints procedure. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf.

Plans for Future Periods

The Chiltern Hills Academy strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The Academy believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities.

Development of the learning environment is being explored with Bucks Local Authority as there is a shortage of school places locally, a review is in hand to model how The Chiltern Hills Academy might in the future take on eight forms of entry.

During the year further discussions have taken place with the Football Association and the Rugby Football Union to explore further the possibility of building an 'all-weather 4G' football pitch. This facility would be used during the school terms by The Chiltern Hills Academy students and out of school hours as a hireable space for local sports organisations. A development plan for such a development is being prepared as the Football Association will hopefully support in the capital investment of such a facility.

Funds Held as Custodian Trustee on Behalf of Others

Neither the Chiltern Hills Academy nor the Governing Body are acting as third party custodial trustees.

Auditor

Insofar as the trustees are aware:

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

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

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A Brown
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 3 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
A Brown (Chairman)	3	3
C Adams	2	3
S Adams	3	3
M Arif	1	3
D Butler	3	3
C Chavda, Staff Trustee	2	2
S Elkins-Jarrett	2	3
G Ellerton	3	3
P Garner	0	1
G Hull	3	3
J Malik	1	3
C Mastrorilli	3	3
K Patrick, Principal and Accounting Officer	3	3
M Paxton	2	3
R Rochon	1	1
K Shaw	3	3
P Stansbury	3	3
A Wilson	0	2
C Olivier, Staff Trustee	0	0

During the course of the year, the Governing Body was able to recruit additional Governors to support the vision and direction of the Chiltern Hills Academy.

Governance Review

The Key Performance Indicator (KPI) review sheet adopted by each Governing committee has been embedded and where required updated this year. At each meeting progress towards the Academy KPIs are discussed and reviewed.

During the year a governor skills audit was completed and this has highlighted future training needs for Trustees. Training was undertaken with all Trustees to support their understanding of performance data and school headline measures. Additionally, training was offered to support Trustees' understanding of the Exclusions and Admissions Appeals.

Data has been presented to the board in relation to finance, attendance, the progress of groups of students, exclusions and stakeholder surveys. The Governing Body are satisfied that the data presented has been carefully compiled and shared in a format accessible to all members of the Governing Body.

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GOVERNANCE STATEMENT (continued)

The Governing Body contributed with the senior leadership team to a review morning in July 2018. This helped to formulate aspects of the future Academy Development Plan. The next self-evaluation is in June 2019.

The Finance Committee and Audit is a committee of the main Governing Body. Its purpose is to monitor the work of the Academy in terms of its financial control and future financial planning.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Adams	0	4
M Arif	0	4
G Ellerton	2	4
G Hull, Chair	4	4
K Patrick (principal and accounting officer)	4	4
M Paxton	3	4
P Stansbury	2	4

Review of Value for Money

As Accounting Officer, the Principal has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy's use of its resources has provided good value for money during 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 provision of breakfast clubs, after school, weekend and holiday revision sessions has resulted in improved educational outcomes. The improving GCSE results can be attributed to this targeted intervention.
- Additional staffing to support underperforming students.
- The curriculum has been extended with the introduction of the Enrichment Programme for Years 7, 8 and 12, providing a range of interesting extra-curricular activities at no additional cost to the Academy.
- Income generated from hiring out the newly built sports hall and other facilities surpassed targets. An improved website promoting the facilities available, a dedicated member of staff responding to enquiries and the efficient management of the lettings schedule continue to ensure potential income is maximised.
- The Academy benchmarks financial performance against other Academy Trusts to compare spending patterns and ensure the Trust provides good value for money.
- The outsourcing of the catering provision has increased financial efficiency.
- The Academy is currently exploring options to replace lights with LED technology.

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 The Chiltern Hills Academy 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

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GOVERNANCE STATEMENT (continued)

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 and general purposes 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governing Body has appointed Landau Baker Ltd to carry out checks for the Responsible Officer. The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the Responsible Officer reports to the Governing Body on the operation of the systems of control and the discharge of the Governing Body's financial responsibilities.

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

- testing of payroll systems
- testing of purchase systems
- testing of income
- testing of control account/ bank reconciliations

On a termly basis, Landau Baker the reviewer reports to the board of trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Board can confirm that the reviewer has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:


- the work of the responsible officer;
- the work of the external auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

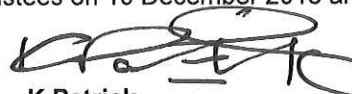
THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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


A Brown
Chair of Trustees


K Patrick
Accounting Officer

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Chiltern Hills Academy 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 Kevin Patrick
Accounting Officer

Date: 10 December 2018

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

The Trustees (who 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 10 December 2018 and signed on its behalf by:



A Brown
Chair of Trustees

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CHILTERN HILLS ACADEMY**

OPINION

We have audited the financial statements of The Chiltern Hills Academy (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) and the Academies Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CHILTERN HILLS ACADEMY**

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 including the Strategic report for the financial year 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 including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CHILTERN HILLS ACADEMY**

USE OF OUR REPORT

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

 for Landau Baker Limited

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
10 December 2018

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
CHILTERN HILLS ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 May 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Chiltern Hills Academy 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 The Chiltern Hills Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Chiltern Hills Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Chiltern Hills Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE CHILTERN HILLS ACADEMY'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Chiltern Hills Academy's funding agreement with the Secretary of State for Education dated 8 August 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
CHILTERN HILLS ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focussed testing, driven by our audit of the financial statements, principally checking that:
 - o Grant income received has been expensed on prescribed expenditure; and
 - o Expenditure has been appropriately authorised in accordance with the procedures outlined in the Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management personnel (where applicable).

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.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

10 December 2018

THE CHILTERN HILLS ACADEMY
(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 £
INCOME FROM:						
Donations and capital grants	2	3,434	-	34,941	38,375	25,778
Charitable activities	3	-	4,407,806	-	4,407,806	4,231,250
Other trading activities	4	237,869	85,923	-	323,792	270,293
Investments	5	3,221	-	-	3,221	7,210
TOTAL INCOME		244,524	4,493,729	34,941	4,773,194	4,534,531
EXPENDITURE ON:						
Charitable activities		9,993	4,986,406	392,543	5,388,942	5,178,481
TOTAL EXPENDITURE	6	9,993	4,986,406	392,543	5,388,942	5,178,481
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		234,531	(492,677)	(357,602)	(615,748)	(643,950)
Actuarial gains on defined benefit pension schemes	23	-	473,000	-	473,000	387,000
NET MOVEMENT IN FUNDS		234,531	(19,677)	(357,602)	(142,748)	(256,950)
RECONCILIATION OF FUNDS:						
Total funds brought forward		586,296	(1,369,439)	18,799,018	18,015,875	18,272,825
TOTAL FUNDS CARRIED FORWARD		820,827	(1,389,116)	18,441,416	17,873,127	18,015,875

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 07718351

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		18,397,768		18,762,220
CURRENT ASSETS					
Debtors	16	138,903		91,341	
Cash at bank and in hand		1,085,390		1,192,827	
		1,224,293		1,284,168	
CREDITORS: amounts falling due within one year	17	(244,934)		(263,513)	
NET CURRENT ASSETS			979,359		1,020,655
TOTAL ASSETS LESS CURRENT LIABILITIES			19,377,127		19,782,875
Defined benefit pension scheme liability	23		(1,504,000)		(1,767,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			17,873,127		18,015,875
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	114,884		397,561	
Restricted fixed asset funds	18	18,441,416		18,799,018	
Restricted income funds excluding pension liability		18,556,300		19,196,579	
Pension reserve		(1,504,000)		(1,767,000)	
Total restricted income funds			17,052,300		17,429,579
Unrestricted income funds	18		820,827		586,296
TOTAL FUNDS			17,873,127		18,015,875

The financial statements on pages 23 to 44 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:

A Brown
Chair of Trustees

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	20	(117,508)	(47,002)
Cash flows from investing activities:			
Interest received		3,221	7,210
Purchase of tangible fixed assets		(28,091)	(3,379)
Capital grants from DfE Group		17,967	17,371
Capital funding received from sponsors and others		16,974	-
Net cash provided by investing activities		10,071	21,202
Change in cash and cash equivalents in the year		(107,437)	(25,800)
Cash and cash equivalents brought forward		1,192,827	1,218,627
Cash and cash equivalents carried forward	21	1,085,390	1,192,827

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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.

The Chiltern Hills Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1.3 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.

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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.

Some expenditure may include irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 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:

Leasehold property	-	50 years
Furniture and fixtures	-	4 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.

1.6 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.

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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.

1.9 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 16. 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 17. 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.

1.10 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.

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 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.

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.

1.12 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.

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	3,434	-	16,974	20,408	8,407
Capital Grants	-	-	17,967	17,967	17,371
	<u>3,434</u>	<u>-</u>	<u>34,941</u>	<u>38,375</u>	<u>25,778</u>
<i>Total 2017</i>	<u>8,407</u>	<u>-</u>	<u>17,371</u>	<u>25,778</u>	

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

The Chiltern Hills Academy

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,935,907	3,935,907	3,789,694
Start up grants	-	10,450	10,450	7,600
Other DfE/ESFA grants	-	195,262	195,262	196,108
	-	4,141,619	4,141,619	3,993,402
Other government grants				
Other government grants	-	264,287	264,287	237,848
Local authority grants	-	1,900	1,900	-
	-	266,187	266,187	237,848
	-	4,407,806	4,407,806	4,231,250
<i>Total 2017</i>	-	4,231,250	4,231,250	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	95,636	-	95,636	80,085
Catering	106,391	-	106,391	74,545
Other income	35,842	-	35,842	31,729
Trip income	-	85,923	85,923	83,934
	237,869	85,923	323,792	270,293
<i>Total 2017</i>	186,359	83,934	270,293	

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5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	3,221	-	3,221	7,210
<i>Total 2017</i>	<i>7,210</i>	<i>-</i>	<i>7,210</i>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Activities:					
Direct costs	3,434,994	392,543	337,063	4,164,600	4,014,686
Support costs	634,089	224,984	365,269	1,224,342	1,163,795
	<u>4,069,083</u>	<u>617,527</u>	<u>702,332</u>	<u>5,388,942</u>	<u>5,178,481</u>
<i>Total 2017</i>	<i>3,954,492</i>	<i>632,956</i>	<i>591,033</i>	<i>5,178,481</i>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational Activities	4,164,600	1,224,342	5,388,942	5,178,481
<i>Total 2017</i>	<i>4,014,686</i>	<i>1,163,795</i>	<i>5,178,481</i>	

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FOR THE YEAR ENDED 31 AUGUST 2018**

8. DIRECT COSTS

	Educational activities £	Total 2018 £	Total 2017 £
Educational supplies	71,643	71,643	98,456
Examination fees	71,090	71,090	66,191
Staff development	17,694	17,694	17,911
Educational consultancy	35,209	35,209	18,525
Other direct costs	130,538	130,538	140,815
Technology costs	10,889	10,889	5,633
Wages and salaries	2,734,613	2,734,613	2,603,891
National insurance	248,962	248,962	230,965
Pension cost	451,419	451,419	418,108
Depreciation	392,543	392,543	414,191
	<u>4,164,600</u>	<u>4,164,600</u>	<u>4,014,686</u>
<i>Total 2017</i>	<u>4,014,686</u>	<u>4,014,686</u>	

9. SUPPORT COSTS

	Educational activities £	Total 2018 £	Total 2017 £
Pension finance costs	42,000	42,000	40,000
Recruitment and support	23,322	23,322	12,959
Maintenance of premises and equipment	101,921	101,921	90,344
Cleaning	8,705	8,705	9,524
Rent and rates	23,071	23,071	21,107
Energy costs	91,287	91,287	79,183
Insurance	17,600	17,600	18,607
Security and transport	9,361	9,361	8,167
Catering	156,804	156,804	66,671
Technology costs	37,494	37,494	32,451
Governance costs	8,092	8,092	12,061
Other support costs	70,596	70,596	71,193
Wages and salaries	377,450	377,450	426,105
National insurance	23,360	23,360	25,843
Pension cost	233,279	233,279	249,580
	<u>1,224,342</u>	<u>1,224,342</u>	<u>1,163,795</u>
<i>Total 2017</i>	<u>1,163,795</u>	<u>1,163,795</u>	

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

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	392,543	414,191
Auditors' remuneration - audit	5,100	5,100
Auditors' remuneration - other services	1,112	5,022
	<u> </u>	<u> </u>

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,946,205	2,784,353
Social security costs	272,322	256,808
Operating costs of defined benefit pension schemes	684,698	667,688
	<u> </u>	<u> </u>
	3,903,225	3,708,849
Agency staff costs	165,858	245,643
	<u> </u>	<u> </u>
	4,069,083	3,954,492
	<u> </u>	<u> </u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	56	42
Administration and support	113	64
Management	4	4
	<u> </u>	<u> </u>
	173	110
	<u> </u>	<u> </u>

The number of administration and support staff includes a number of casual staff, for example, cleaning and premises staff and examination invigilators.

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11. STAFF COSTS (continued)

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2018, pension contributions for these employees amounted to £45,092 (2017: £25,377).

d. Key management personnel

The key management personnel of the academy trust 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 trust was £331,540 (2017: £399,504).

12. RELATED PARTY TRANSACTIONS- TRUSTEE'S REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. 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
		£	£
K Patrick	Remuneration	90,000-95,000	<i>90,000-95,000</i>
	Pension contributions paid	15,000-20,000	<i>15,000-20,000</i>
C Olivier	Remuneration	NIL	<i>40,000-45,000</i>
	Pension contributions paid	NIL	<i>5,000-10,000</i>
C Chavda	Remuneration	15,000-20,000	<i>NIL</i>
	Pension contributions paid	0-5,000	<i>NIL</i>

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

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

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

14. PENSION FINANCE COST

	2018 £	2017 £
Interest income on pension scheme assets	47,000	33,000
Interest on pension scheme liabilities	(89,000)	(73,000)
	<u>(42,000)</u>	<u>(40,000)</u>

15. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost				
At 1 September 2017	20,575,688	20,178	832,058	21,427,924
Additions	16,974	-	11,117	28,091
At 31 August 2018	<u>20,592,662</u>	<u>20,178</u>	<u>843,175</u>	<u>21,456,015</u>
Depreciation				
At 1 September 2017	1,827,353	20,178	818,173	2,665,704
Charge for the year	378,519	-	14,024	392,543
At 31 August 2018	<u>2,205,872</u>	<u>20,178</u>	<u>832,197</u>	<u>3,058,247</u>
Net book value				
At 31 August 2018	<u>18,386,790</u>	<u>-</u>	<u>10,978</u>	<u>18,397,768</u>
At 31 August 2017	<u>18,748,335</u>	<u>-</u>	<u>13,885</u>	<u>18,762,220</u>

16. DEBTORS

	2018 £	2017 £
Trade debtors	15,757	5,587
Other debtors	21,840	5,916
Prepayments and accrued income	101,306	79,838
	<u>138,903</u>	<u>91,341</u>

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17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,534	28,815
Other taxation and social security	137,008	125,523
Other creditors	8,724	13,471
Accruals and deferred income	95,668	95,704
	<u>244,934</u>	<u>263,513</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	40,724	57,034
Resources deferred during the year	43,196	40,724
Amounts released from previous years	(40,724)	(57,034)
	<u>43,196</u>	<u>40,724</u>
Deferred income at 31 August 2018	<u>43,196</u>	<u>40,724</u>

At the balance sheet date, the academy trust was holding funds received in advance for trips and lettings for 2018/2019.

18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General Funds - all funds	586,296	244,524	(9,993)	-	820,827
Restricted funds					
Restricted Funds - all funds	397,561	4,493,729	(4,776,406)	-	114,884
Pension reserve	(1,767,000)	-	(210,000)	473,000	(1,504,000)
	<u>(1,369,439)</u>	<u>4,493,729</u>	<u>(4,986,406)</u>	<u>473,000</u>	<u>(1,389,116)</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	18,799,018	34,941	(392,543)	-	18,441,416
Total restricted funds	<u>17,429,579</u>	<u>4,528,670</u>	<u>(5,378,949)</u>	<u>473,000</u>	<u>17,052,300</u>
Total of funds	<u>18,015,875</u>	<u>4,773,194</u>	<u>(5,388,942)</u>	<u>473,000</u>	<u>17,873,127</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

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

18. STATEMENT OF FUNDS (continued)

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.

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.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General Funds - all funds	489,666	201,976	(105,346)	-	-	586,296
Restricted funds						
Restricted Funds - all funds	531,699	4,315,184	(4,445,944)	(3,378)	-	397,561
Pension reserve	(1,941,000)	-	(213,000)	-	387,000	(1,767,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	19,192,460	17,371	(414,191)	3,378	-	18,799,018
Total of funds	18,272,825	4,534,531	(5,178,481)	-	387,000	18,015,875

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	489,666	446,500	(115,339)	-	-	820,827
Restricted funds						
Restricted Funds - all funds	531,699	8,808,913	(9,222,350)	(3,378)	-	114,884
Pension reserve	(1,941,000)	-	(423,000)	-	860,000	(1,504,000)

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	19,192,460	52,312	(806,734)	3,378	-	18,441,416
	17,783,159	8,861,225	(10,452,084)	-	860,000	17,052,300
Total of funds	18,272,825	9,307,725	(10,567,423)	-	860,000	17,873,127

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	18,397,768	18,397,768
Current assets	820,827	359,818	43,648	1,224,293
Creditors due within one year	-	(244,934)	-	(244,934)
Provisions for liabilities and charges	-	(1,504,000)	-	(1,504,000)
	820,827	(1,389,116)	18,441,416	17,873,127

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	18,762,221	18,762,221
Current assets	586,296	661,075	36,797	1,284,168
Creditors due within one year	-	(263,514)	-	(263,514)
Provisions for liabilities and charges	-	(1,767,000)	-	(1,767,000)
	586,296	(1,369,439)	18,799,018	18,015,875

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**NOTES TO THE FINANCIAL STATEMENTS
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20. 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)	(615,748)	(643,950)
Adjustment for:		
Depreciation charges	392,543	414,191
Interest received	(3,221)	(7,210)
(Increase)/decrease in debtors	(47,562)	22,134
Decrease in creditors	(18,579)	(27,796)
Capital grants from DfE and other capital income	(17,967)	(17,371)
Capital funding received from sponsors and others	(16,974)	-
Defined benefit pension scheme cost less contributions payable	168,000	173,000
Defined benefit pension scheme finance cost	42,000	40,000
Net cash used in operating activities	(117,508)	(47,002)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,085,390	1,192,827
Total	1,085,390	1,192,827

22. CAPITAL COMMITMENTS

At 31 August 2018 there were no capital commitments.

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 The Buckinghamshire Pension Scheme. 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

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23. PENSION COMMITMENTS (continued)

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%.

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 £322,391 (2017 - £294,704).

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 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 £242,000 (2017 - £252,000), of which employer's contributions totalled £192,000 (2017 - £196,000) and employees' contributions totalled £50,000 (2017 - £56,000). The agreed contribution rates for future years are 22.8% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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**NOTES TO THE FINANCIAL STATEMENTS
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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:

	2018	<i>2017</i>
Retiring today		
Males	24.0	<i>23.9</i>
Females	26.1	<i>26.0</i>
Retiring in 20 years		
Males	26.3	<i>26.2</i>
Females	28.5	<i>28.3</i>

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	1,049,000	<i>999,000</i>
Corporate bonds	482,000	<i>406,000</i>
Property	146,000	<i>132,000</i>
Cash	119,000	<i>61,000</i>
Alternative assets	202,000	<i>190,000</i>
Total market value of assets	<u>1,998,000</u>	<i><u>1,788,000</u></i>

The actual return on scheme assets was £15,000 (2017 - £189,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(358,000)	<i>(368,000)</i>
Interest income	47,000	<i>33,000</i>
Interest cost	(89,000)	<i>(73,000)</i>
Admin expenses	(2,000)	<i>(1,000)</i>
Total	<u>(402,000)</u>	<i><u>(409,000)</u></i>
Actual return on scheme assets	<u>15,000</u>	<i><u>189,000</u></i>

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

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

	2018 £	2017 £
Opening defined benefit obligation	3,555,000	3,327,000
Current service cost	358,000	368,000
Interest cost	89,000	73,000
Employee contributions	50,000	56,000
Actuarial gains	(521,000)	(230,000)
Benefits paid	(29,000)	(39,000)
	<u>3,502,000</u>	<u>3,555,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,788,000	1,386,000
Interest income	47,000	33,000
Actuarial gains	(48,000)	157,000
Employer contributions	192,000	196,000
Employee contributions	50,000	56,000
Benefits paid	(29,000)	(39,000)
Administration expenses	(2,000)	(1,000)
	<u>1,998,000</u>	<u>1,788,000</u>

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:

	2018 £	2017 £
Amounts payable:		
Within 1 year	16,234	5,945
Between 1 and 5 years	59,638	-
	<u>75,872</u>	<u>5,945</u>
Total		

25. 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.

THE CHILTERN HILLS ACADEMY
(A company limited by guarantee)

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

26. 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 trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mr Mohammed-Irfan Arif who acted as a trustee during the year ended 31 August 2018 is also a trustee of Buckinghamshire Learning Trust in the same period. The academy purchased support services/service level agreements totalling £1,596 from Buckinghamshire Learning Trusts during the year.

27. AGENCY ARRANGEMENTS

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy received £14,065 (2017 - £17,685) and disbursed £14,728 (2017 - £15,457) from the fund. An amount of £8,718 (2017 - £9,381) is included in other creditors relating to undistributed funds that is repayable to ESFA.