

Chapel Street Community Schools Trust
(a company limited by guarantee)

Financial Statements

For the year ended 31 August 2013

**Company registration number:
7885963 (England and Wales)**

Chapel Street Community Schools Trust

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Chapel Street Community Schools Trust

Reference and Administrative Details

Trustees

M Sherlock (Chair)

R Rook

M Coates

M Greig

R Buckley (resigned Dec 2013)

S Jones (appointed Nov 2012)

E Russo (resigned Nov 2012)

S Holmes (appointed July 2013)

Chapel Street Community Fund
(Corporate Director)

Company Secretary

A Gosling

Senior Management Team (Chapel Street Community Schools Trust)

R Rook (CEO)

A Gosling (Operations Director)

A Pitsiaeli (Projects Director)

P Ball (Director of People)

C Levens (Director of Communication)

J Chetty (Education Development Director
(Primary))

P Bywater (Finance Director)

Principal and Registered Office

79 Craven Gardens
London
SW19 8LU

Company Registration Number (England and Wales) 07885963

Independent Auditor

Critchleys LLP
Greyfriars Court
Oxford
OX1 1BE

Bankers

Lloyds TSB
Old Bond St Branch
39 Piccadilly
London
W1V 0AA

Solicitors

Eversheds LLP
70 Great Bridgewater St
Manchester
M1 5ES

Chapel Street Community Schools Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013.

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 Trust was incorporated in December 2011 using model memorandum and articles for 'single' academy and free school companies. In October 2012 a resolution was passed to adopt model memorandum and articles for 'multi' academy and free school sponsors.

The trustees act as the trustees for the charitable activities of Chapel Street Community Schools Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Chapel Street Community Schools Trust.

Details of the trustees who served throughout the year except as noted 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

The Trust holds Trustees Liability Insurance to the indemnity limit of £2,000,000

Principal Activities

The principal activity of the trust is establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. In the period to 31 August 2013 this involved the Trust in operating Atherton Community School and implementing the opening of Tyndale Community School, which opened in September 2013.

Method of Recruitment and Appointment or Election of Trustees

The Members of Chapel Street Community Schools Trust appoint the majority of trustees. The trustees can co-opt up to three further trustees. The constitution of the trust also specifies that the board will include the Chief Executive Officer, the chair of any local governing body, and two parent governors who are elected from amongst the parent representatives on the local governing bodies.

In recruiting members to the local governing body and the central board of the Trust due regard is given to ensuring a broad representation of skills and experience relevant to the operation of the trust and the schools.

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

New members of the local governing body are provided with an induction programme during which they are trained in their delegated responsibilities in overseeing the operation of the school.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Organisational Structure

The Trustees act as the central governing body of the Trust, with certain powers being delegated to the Local Governing Bodies of the Schools. A schedule of delegation outlines those powers, which are located within the Local Governing Body. The local governing body in turn delegates the day to day management of the school to the Principal and the Senior Leadership Team.

The overall strategic operations of the Trust are delegated to the Chief Executive Officer and the central management team, and any new schools which are approved by the Department of Education will also be organized under the direction of a local governing body to which certain powers will be delegated.

Risk Management

Risk management policies and processes are operated from the central board and include regular review and assessment of the management of risks associated with governance, financial, health and safety, safeguarding and educational standards. A risk register is maintained in respect of this.

Connected Organisations, including Related Party Relationships

Chapel Street Community Schools Trust is a member of the Chapel St family. In addition to the Trust this comprises the following entities: Chapel Street Community Fund, Chapel Street Community Interest Company and its subsidiary Chapel Street Community Health Interest Company. The Community Fund is a corporate director of the Trust. The Chair of the Trust, Maeve Sherlock, is also Chair of the Community Fund. The Chief Executive Officer of the Trust, Russell Rook, is a director of the CIC and trustee of the Community Fund. The Company Secretary, Adrian Gosling, is Company Secretary of each of the related parties, as well as the authorized representative of the Community Fund in its role as Corporate Director. Prior to the establishment of the Trust, the Community Fund undertook operations pursuant to the aims of the Trust for which it has subsequently been partially reimbursed.

Objectives and Activities

Objects and Aims

The principal object of the trust, as outlined in the governing document, is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

In general the Trust aims to work with communities where there is under-resourcing in respect of educational opportunities and also in areas where aspects of deprivation have been identified.

Chapel St was founded to open and develop bespoke schools that are uniquely shaped to meet the challenges and opportunities of their particular communities. Focusing on some of England's most deprived communities Chapel St is working with parents, faith groups, community organisations, local leaders and businesses to engage the whole community in the development of outstanding centres of teaching and learning for children and families and local hubs for community regeneration.

Chapel St schools are characterised by the depth of relationships between staff, pupils and families. Here, every action and interaction is an expression of love, creating a culture of

Chapel Street Community Schools Trust

Trustees' Report (continued)

inclusion, acceptance, reconciliation, hope and freedom.

Chapel St community schools are developing a radically personalised approach to learning, following individual pathways that take account of the unique talents, gifts and skills of every child. Chapel St community schools do not simply educate children but seek to develop the whole family, providing tailor-made training and support for parents and carers and engaging family members in the life and community of the school. Chapel St community schools harness the distinct skills and expertise that the community has to offer by actively engaging local people and groups to support children's learning and locating and facilitating education within the community. Put simply, we believe that it takes a community to raise a child.

Chapel St is working with the Innovation Unit in further developing and replicating this model of schooling around the country. Project based learning, the use of Developmental Assets frameworks and an emphasis on mentoring and coaching reflect the qualities of love, grace and relationship, which underpin the broad Christian ethos of Chapel St.

Objectives, Strategies and Activities

Our objectives for the period 2012-13 were:

1. The successful relocation of Atherton Community School into its permanent facilities. The school facilities are outstanding, which has been achieved through the innovative and creative use of space. In addition to first rate classrooms, students have access to several sports halls, an outside amphitheatre, and a recording studio. The sixth formers also enjoy access to a free gym.
2. The significant expansion of the school through the new year 7 intake and the provision of a sixth form. The reputation of the school has grown over the year, so it is interesting to note the impact that has had on student intake. There is a significant increase in families putting ACS as their first choice school – which means the students are more representative of the local community. This contrasts with the intake from 2012, where the school was often a default choice which reflected the more chaotic lives of the children and hence the higher demand for free school meals and other indicators of social need.
3. The implementation of Tyndale Community School in Oxford. This followed a period of consultation with families and other stakeholders in the local community that identified the need for the provision of a primary school in the city. A Funding Agreement was signed with the Secretary of State in July 2013. The opening of the school was achieved successfully in September 2013 with the admission of the first cohort of students into the school. The implementation of Tyndale Community School was facilitated by grants from the Department for Education and achievement of this was also assisted by a grant from Chapel Street Community Fund.
4. During the year, the company was approached and has agreed to sponsor two London primary schools as they convert to Academy status. Benedict Primary School in Mitcham will become a Chapel St school in January 2014, followed by Westbridge Primary School, Wandsworth in April 2014. A significant amount of work is being done to ensure the company and the schools are ready within these challenging timescales.
5. During the year the company also submitted a proposal to open a free school in South West London in September 2014 for primary age children. This proposal was accepted by the Secretary of State and a project development grant was agreed for this purpose.
6. During the year the company also submitted a proposal to open a free school in Burnley in September 2014 for secondary age children. This proposal was accepted by the Secretary of State and a project development grant was agreed for this purpose.

Chapel Street Community Schools Trust

Trustees' Report (continued)

We have also begun work on a proposal to open our first through school, serving the communities of Kingston and Norbiton. If successful the primary school will open in 2015, and the secondary school in 2017.

Public Benefit

In furtherance of the Trust's object the trustees have due regard for ensuring that the Atherton Community School, and the school being implemented in Oxford and schools being proposed in other locations, will operate in such a way as to benefit the public by providing free education for children and young people.

Achievements and Performance

During the year to 31 August 2013 the Trust signed a Funding Agreement, which enabled the opening of Tyndale Community School in temporary accommodation in a premises previously used as a sports facility. The Trust subsequently won an extensive appeals process, meaning the school will remain permanently in these premises. The first cohort of students has benefitted from high standards and expectations so that significant progress in literacy has been evidenced by initial measurement and tracking. Rigorous monitoring of standards in teaching and learning are ensuring that lessons are good or outstanding. Targets are being met for the recruitment of a second cohort of students.

The implementation of Burnley High School and Park Community School has been in process during 2012-13.

Following the opening of Atherton Community School in September 2012, the Trust will continue to develop and expand the school in September 2014 with the introduction of an upper sixth form and a third year of admissions into year 7. Likewise we will continue to develop and expand Tyndale Community School in September 2014 with the introduction of a second year of admissions.

During the year September 2012 to August 2013, following approaches from local community stakeholders and parents, Chapel St continues to explore innovative and compassionate ways to education some of the hardest to reach children in our communities. Further discussions with Chapel St about possible free school proposals have been initiated by local families and local authorities in other localities. The Trust has also worked with the DfE and local authorities to identify further areas of need for new schools, and has also submitted a proposal to open a primary academy school in London.

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust 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 Statement of Accounting Policies.

Key Financial Performance Indicators

The Trust complies with all terms and conditions of its Funding Agreement including the level of GAG carry forward allowed.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Financial Review

The Trust achieved a surplus of £5,606,488 in its second year of operation (2012: £127,153), of which £5,604,138 (2012: £112,670) related to Restricted Fixed Asset Funds and £2,350 (2012: £14,483) related to Unrestricted Funds. Its main sources of funding were grants from the Education Funding Agency for the operation of Atherton Community School and EFA Fixed Asset grants for building works, ICT and Furniture, Fixtures and Fittings, at both Atherton Community School and Tyndale Community School. There were also grants provided by the Department for Education relating to the start up of Tyndale Community School, as well as a donation from Chapel Street Community Fund for the same purpose. During the period the expenditure of the Trust was primarily for the purpose of operating Atherton Community School as well as setting up Tyndale Community School.

Financial and Risk Management Objectives and Policies

As mentioned above, the Trust's primary funding source is via the EFA which makes monthly payments of the School Budget Share on the 1st of every month. Providing the Trust meets the terms of its Funding Agreement it is not envisaged that there is a substantial risk to cash flow and/or liquidity. The Trust manages its funds such that it has ready access to its bank accounts to pay trade creditors.

Principal Risks and Uncertainties

The principal risk to the Trust is the maintenance of pupil numbers as funding is directly related to the number of students on roll. The number on roll is set in the January of each year and is the basis by which the funding received in the September is calculated. There is also considerable volatility regarding the future funding of free schools and academies with a possible 1% cut in GAG funding, an un-funded 1% pay award and uncertainty over the future levels of LACSEG payments.

Reserves Policy

The Trust has net assets of £5,733,641 (2012: £127,153). The Trust plans to spend the majority of its revenue income each year on the students in its care. Sums are set aside from this each year for planned replacement of capital items such as ICT infrastructure, minibuses etc.

The Trust aims to set aside reserves to cover the principal risks stated above, however, as this is only the second period of operation the Trust is still in the process of establishing a significant level of reserves. Moreover, the Trust has limited revenue streams with which to build up unrestricted reserves and is subject to constraints imposed by the EFA over the level of the school general annual grant) that can be carried forward.

Investment Policy

The Trust will invest funds held for more than three months in a high interest savings account and will review alternative investment options on a regular basis.

Plans for Future Periods

As outlined above the trust is in the process of implementing the opening of Burnley High School in Burnley, and Park Community School in South West London, for which purpose project development grants of £300,000 and £220,000, respectively, are being drawn down from the DfE.

Chapel Street Community Schools Trust

Trustees' Report (continued)

Proposals are also in the process of being submitted to the DfE to open a further free school in Kingston and Norbiton.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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.

Approved by order of the members of the Board of Trustees on 20 December 2013 and signed on its behalf by:



Dr Russell Rock

Trustee

Chapel Street Community Schools Trust

Governance Statement (continued)

a) Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Chapel Street Community Schools Trust 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 CEO, 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 Chapel Street Community Schools Trust 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.

b) 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 twice during the period. Attendance during this period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Baroness Maeve Sherlock (Chair)	3	3
Russell Rook	3	3
Max Coates	2	3
Michael Greig	3	3
Steve Jones	3	3
Steve Holmes		
Chapel St Community Fund (Corporate Trustee)	3	3
Robert Buckley (Chair of ACS LGB)	1	3

The Finance Committee met twice during the year. There were no other sub-committees of the Board of Trustees in operation during the period.

c) 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 on-going process designed to identify and prioritise the risks to the achievement of Trust 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 Chapel Street Community Schools Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

d) Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Chapel Street Community Schools Trust

Governance Statement (continued)

e) The Risk and Control Framework

The Trust'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 Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor, and have instead opted to engage the external auditors in completing a supplemental programme of works.

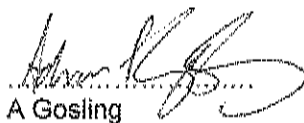
f) Review of Effectiveness

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

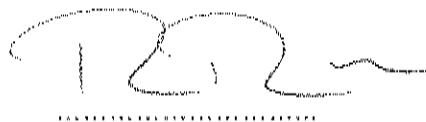
- The work of the Finance Committee;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 20 December 2013 and signed on its behalf by


A Gosling

Trustee


R Rook

Accounting Officer

Chapel Street Community Schools Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chapel Street Community Schools Trust I have considered my responsibility to notify the Trust's Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



.....
R Rook

Accounting Officer

Chapel Street Community Schools Trust

Statement of trustees' responsibilities

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 Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 20/12/13 and signed on its behalf by:



R Rook

Trustee

Chapel Street Community Schools Trust

Independent auditor's report to the members of Chapel Street Community Schools Trust

We have audited the financial statements of Chapel Street Community Schools Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 issued by the EFA.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 11 the trustees (who are also the directors of the trust 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006;

Chapel Street Community Schools Trust

Independent auditor's report to the members of Chapel Street Community Schools Trust (continued)

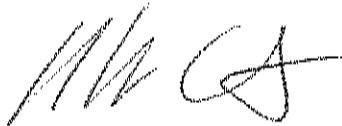
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Robert Kirtland (Senior statutory auditor)
For and on behalf of Critchleys LLP
Statutory Auditor
Oxford

Date: 27/12/13

Chapel Street Community Schools Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHAPEL STREET COMMUNITY SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chapel Street Community Schools Trust during the period ended 31 August 2013 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 Chapel Street Community Schools Trust and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to Chapel Street Community Schools Trust and the EFA 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 Chapel Street Community Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chapel Street Community Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chapel Street Community Schools Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. 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 trust's income and expenditure.

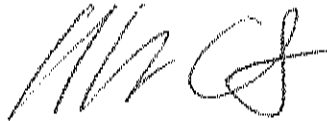
The work undertaken to draw to our conclusion includes enquiry, inspection and review, observation and re-performance.

Chapel Street Community Schools Trust

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO CHAPEL STREET COMMUNITY SCHOOLS TRUST AND
THE EDUCATION FUNDING AGENCY (CONTINUED)**

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 period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Robert Kirtland (Senior statutory auditor)
For and on behalf of Critchleys LLP Chartered Accountants
Oxford

Date: 23/12/13

Chapel Street Community Schools Trust
Statement of Financial Activities
For the year ended 31 August 2013
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £ (9 months)
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Other voluntary income	1	120,310	-	-	120,310	27,791
Investment income	2	243	-	-	243	12
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	3	39,082	1,097,442	5,731,566	6,868,090	501,952
Total incoming resources		159,635	1,097,442	5,731,566	6,988,643	529,755
Resources expended						
<i>Charitable activities:</i>						
Trust's educational operations	4, 5	-	1,232,343	127,428	1,359,771	376,043
<i>Governance costs</i>	6	10,968	11,417	-	22,385	26,559
Total resources expended		10,968	1,243,760	127,428	1,382,156	402,602
Net incoming / (outgoing) resources before transfers		148,668	(146,318)	5,604,138	5,606,488	127,153
Gross transfers between funds	13	(146,318)	146,318	-	-	-
Net income/(expenditure) for the period		2,350	-	5,604,138	5,606,488	127,153
Actuarial gains and losses in period for defined benefit pension schemes		-	-	-	-	-
Net movement in funds		2,350	-	5,604,138	5,606,488	127,153
Funds brought forward at 1 September 2012		14,483	-	112,670	127,153	-
Funds carried forward at 31 August 2013		16,833	-	5,716,808	5,733,641	127,153

All of the Trust's activities derive from acquisitions in the current accounting period.

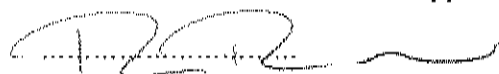
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Chapel Street Community Schools Trust
 Balance sheet
 As at 31 August 2013

Company number:
 7885963

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	10		5,762,897		112,670
Current assets					
Debtors	11	1,797,074		238,087	
Cash at bank and in hand		<u>401,267</u>		<u>82,039</u>	
		2,198,341		320,126	
Creditors: Amounts falling due within one year	12	<u>(2,227,597)</u>		<u>(305,643)</u>	
Net current assets/(liabilities)			<u>(29,256)</u>		<u>14,483</u>
Total assets less current liabilities			5,733,641		127,153
Net assets excluding pension liability			5,733,641		127,153
Pension scheme liability	23				<u>-</u>
Net assets including pension liability			<u>5,733,641</u>		<u>127,153</u>
Funds of the Trust:					
Restricted fixed asset funds	13		5,716,808		112,670
Restricted funds					
Total restricted funds			-		-
Unrestricted funds	13		16,833		14,483
Total funds			<u>5,733,641</u>		<u>127,153</u>

The financial statements were approved by the Board of Trustees and authorised for issue on



Signed on behalf of the Board of Trustees

Dr Russell Rook, Trustee

Chapel Street Community Schools Trust
Cash Flow Statement
For the year ended 31 August 2013

	Notes	2013 £	2012 £
Net cashflow from operating activities	17	365,073	82,027
Returns on investments and servicing of finance	18	243	12
Capital expenditure and financial investment	19	(46,089)	-
Increase/(decrease) in cash in the period	20	<u>319,228</u>	<u>82,039</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		82,039	-
Net funds at 31 August 2013		<u>401,267</u>	<u>82,039</u>

All of the cash flows are derived from acquisitions in the current financial period.

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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

Donations

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

Other income

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

Donated Services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with other relevant staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds

These are costs incurred in activities that raise funds.

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance Costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and any reimbursed expenses.

All resources expended are inclusive of any irrecoverable VAT.

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 15 for further details).

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to spread the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	35 years from conversion
Leasehold buildings	35 years from conversion
Buildings improvements	10-35 years
Fixtures, fittings and equipment	5 years
ICT equipment	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The Academy Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

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 Trust 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 quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and other funders where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and other funders.

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2013

1 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Other grants and donations	120,310	-	120,310	27,791
	<u>120,310</u>	<u>-</u>	<u>120,310</u>	<u>27,791</u>

2 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Bank interest	243	-	243	12
	<u>243</u>	<u>-</u>	<u>243</u>	<u>12</u>

3 Funding for Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
DfE/EFA capital grants				
Construction and renovation capital grant	-	5,731,566	5,731,566	112,670
	<u>-</u>	<u>5,731,566</u>	<u>5,731,566</u>	<u>112,670</u>
DfE/EFA revenue grants				
Lead in costs grant	-	268,502	268,502	145,769
DfE grant for project management and educational services	-	-	-	243,513
General Annual Grant (GAG)	-	738,940	738,940	-
Other DfE grants	-	90,000	90,000	-
Other income	39,082	-	39,082	-
	<u>39,082</u>	<u>1,097,442</u>	<u>1,136,524</u>	<u>389,282</u>
	<u>39,082</u>	<u>6,829,008</u>	<u>6,868,090</u>	<u>501,952</u>

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2013

4 Resources Expended (excluding transfer on conversion)

	Staff Costs £	Premises Costs £	Other Costs £	Total 2013 £	Total 2012 £
<i>Costs of activities for generating funds</i>	-	-	-	-	-
<i>Trust's educational operations</i>					
Direct costs (note 5)	453,015	-	1,863	454,878	47,652
Allocated support costs (note 5)	396,302	-	508,591	904,893	328,391
	<u>849,317</u>	<u>-</u>	<u>510,454</u>	<u>1,359,771</u>	<u>376,043</u>
<i>Governance costs</i> (note 6)	-	-	22,385	22,385	26,559
	<u>849,317</u>	<u>-</u>	<u>532,839</u>	<u>1,382,156</u>	<u>402,602</u>

Incoming/outgoing resources for the period include:

	2013 £	2012 £
Operating leases		
Fees payable to audit firm:		
Audit	8,100	3,000
Other services	2,160	1,200

5 Charitable Activities - Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
<i>Direct costs</i>				
Teaching and educational support staff costs	-	453,015	453,015	46,896
Other direct costs	-	1,863	1,863	756
	<u>-</u>	<u>454,878</u>	<u>454,878</u>	<u>47,652</u>
<i>Allocated support costs</i>				
Support staff costs	-	396,302	396,302	200,284
Disposals at cost	-	73,185	73,185	-
Depreciation	-	54,243	54,243	-
Recruitment and support	-	13,105	13,105	12,650
Maintenance (inc. staff costs)	-	4,407	4,407	-
Cleaning (including staff costs)	-	1,759	1,759	-
Rent, rates and other utilities	-	58,034	58,034	-
Travel and subsistence	-	27,118	27,118	-
Catering staff costs	-	-	-	-
Catering supplies	-	8,334	8,334	-
Insurance	-	8,880	8,880	-
IT costs	-	8,979	8,979	5,026
Other pension costs	-	-	-	-
Other finance costs (FRS17)	-	104	104	-
Consultancy and other professional fees	-	134,493	134,493	82,198
Other support costs	-	115,950	115,950	28,233
	<u>-</u>	<u>904,893</u>	<u>904,893</u>	<u>328,391</u>
Total	<u>-</u>	<u>1,359,771</u>	<u>1,359,771</u>	<u>376,043</u>

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2013

6 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	11,417	11,417	22,359
Auditors' remuneration	10,260	-	10,260	4,200
Other governance costs	708	-	708	-
	<u>10,968</u>	<u>11,417</u>	<u>22,385</u>	<u>26,559</u>

7 Staff Costs

	2013 £	2012 £
Staff costs for the period were:		
Wages and salaries	731,931	220,197
Social security costs	64,142	21,680
Pension costs	53,244	5,303
	<u>849,317</u>	<u>247,180</u>

The average number of persons (including core leadership team) employed by the Trust during the period expressed as full time equivalents was as follows:

	2013 No.	2012 No.
Charitable Activities		
Teachers	13	1
Administration and support	7	5
Management	4	-
	<u>24</u>	<u>6</u>

8 Trustees' remuneration and expenses

The trustees only received remuneration in respect of their employment responsibilities and not in respect of their role as a trustee. Remuneration for the period (including employers' pension contributions) is disclosed in £5,000 bands for employees who were also Trustees, as follows:

	2013 £	2012 £
Russell Rook, CEO	£80k-£85k	£40k-£45k

During the period ended 31 August 2013 £12,310 of expenses were reimbursed to trustees for travel and subsistence expenditure incurred in their roles as trustees (2012: £2,289).

Related party transactions involving trustees are disclosed in note 24.

9 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2m on any one claim.

The cost of this insurance is included in the total insurance cost.

10 Tangible Fixed Assets

	Leasehold Property £	Furniture and Equipment £	Computer Equipment £	Assets Under Construction £	Total £
Cost					
At 1 September 2012	73,185	13,996	25,489	-	112,670
Additions	-	411,066	221,321	5,145,268	5,777,655
Disposals	(73,185)	-	-	-	(73,185)
At 31 August 2013	-	425,062	246,810	5,145,268	5,817,140
Depreciation					
At 1 September 2012	-	-	-	-	-
Charges in period	36,593	6,909	47,334	-	90,836
Eliminated on disposal	(36,593)	-	-	-	(36,593)
At 31 August 2013	-	6,909	47,334	-	54,243
Net book values					
At 31 August 2013	-	418,153	199,476	5,145,268	5,762,897
At 31 August 2012	73,185	13,996	25,489	-	112,670

Last year Atherton Community School operated from a temporary site in Atherton Town Hall and the leasehold improvements were capitalised. This year the leasehold property balance has been written off since the School moved to its new premises included in assets under construction.

Additions amounting to £46,000 relate to software and computers which are not funded by the Education Funding Authority.

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2013

11 Debtors

	2013 £	2012 £
Prepayments and accrued income	1,358,375	238,087
Other debtors	438,699	-
	<u>1,797,074</u>	<u>238,087</u>

12 Creditors: amounts falling due within one year

	2013 £	2012 £
PAYE and NIC creditor	22,540	11,163
Other creditors	624,323	60,000
Accruals and deferred income	1,580,734	234,480
	<u>2,227,597</u>	<u>305,643</u>

13 Funds

	Balance at 1 September 2012 £	Incoming Resources £	Resources Expended £	Transfers £	Balance at 31 August 2013 £
Restricted general funds					
Lead in costs	-	268,502	(268,502)	-	-
DfE grant for project management and educational services	-	-	-	-	-
General Annual Grant (GAG)	-	738,940	(885,258)	146,318	-
Other DfE grants	-	90,000	(90,000)	-	-
	<u>-</u>	<u>1,097,442</u>	<u>(1,243,760)</u>	<u>146,318</u>	<u>-</u>
Restricted fixed asset funds					
Atherton Community School capital grant	112,670	5,731,566	(127,428)	-	5,716,808
	<u>112,670</u>	<u>5,731,566</u>	<u>(127,428)</u>	<u>-</u>	<u>5,716,808</u>
Total restricted funds	<u>112,670</u>	<u>6,829,008</u>	<u>(1,371,188)</u>	<u>146,318</u>	<u>5,716,808</u>
Unrestricted funds					
Unrestricted funds	14,483	159,635	(10,968)	(146,318)	16,833
Total unrestricted funds	<u>14,483</u>	<u>159,635</u>	<u>(10,968)</u>	<u>(146,318)</u>	<u>16,833</u>
Total funds	<u>127,153</u>	<u>6,988,644</u>	<u>(1,382,156)</u>	<u>-</u>	<u>5,733,641</u>

14 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	46,089	-	5,716,808	5,762,897
Current assets	2,198,341	-	-	2,198,341
Current liabilities	(2,227,597)	-	-	(2,227,597)
Total net assets	16,833	-	5,716,808	5,733,641

15 Capital commitments

	2013 £	2012 £
Contracted for, but not provided in the financial statements	-	-

16 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	4,800	47,600
Expiring in over five years	-	-
	<u>4,800</u>	<u>47,600</u>
<u>Other</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<u>-</u>	<u>-</u>

Chapel Street Community Schools Trust
Notes to the financial statements
For the year ended 31 August 2013

17 Reconciliation of net income to net cash flow from operating activities	2013	2012
	£	£
Net income	5,606,488	127,153
Depreciation (note 10)	54,243	-
Revaluations (note 10)	73,185	-
Capital grants from DfE	(5,731,566)	(112,670)
Interest receivable (note 2)	(243)	(12)
(Increase)/decrease in debtors	(1,558,987)	(238,087)
Increase/(decrease) in creditors	1,921,954	305,643
Net cash inflow from operating activities	365,073	82,027

18 Returns on investments and servicing of finance	2013	2012
	£	£
Interest received	243	12
Net cash inflow from returns on investment and servicing of finance	243	12

19 Capital expenditure and financial investment	2013	2012
	£	£
Purchase of tangible fixed assets	(5,777,855)	112,670
Capital grants from DfE	5,731,566	(112,670)
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	(46,089)	-

20 Analysis of changes in net funds	At 1 Sept	Cashflows	At 31 August
	2012		2013
	£	£	£
Cash at bank and in hand	82,039	319,228	401,267
	<u>82,039</u>	<u>319,228</u>	<u>401,267</u>

21 Contingent liabilities

There are no contingent liabilities that require disclosure.

22 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.

23 Pension and similar obligations

The Trust's employees belong to the Teachers' Pension Scheme England and Wales (TPS) for teaching and related staff.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004.

Contributions amounting to £6,850 were payable to the schemes at 31 August 2013 (2012: £5,303) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act. monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return is 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the trust has taken advantage of the exemption in FRS 17 and 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.

24 Related party transactions

During the year expenditure of nil (2012: £15,568) was paid by Chapel Street CIC on behalf of Chapel Street Community Schools Trust. Russell Rook is a Director of both companies.

During the period Chapel Street Community Fund, a registered charity and corporate director of Chapel Street Community Schools Trust, donated £30,000 (2012: £27,204) to the charity, which is included in unrestricted income. In addition expenditure totalling £6,984 (2012: £51,410) was paid on behalf of the charity by Chapel Street Community Fund. A separate funding loan of £40,000 was also provided to the charity during the period of which nil (2012: £8,590) was still outstanding at the period end. Therefore the total amount owed by Chapel Street Community Schools Trust to Chapel Street Community Fund at the period end was nil (2012: £60,000).