

Company Registration No. 09362801 (England and Wales)

ESHER CHURCH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

**GOVERNORS' STRATEGIC REPORT AND AUDITED FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED 31 AUGUST 2017

ESHER CHURCH SCHOOL

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ESHER CHURCH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

S Mohamed
C Bell (Headteacher and Accounting Officer)
Revd Dr S Collier
A de la Touche
B Holmes (Chair)
C O'Brien
C Skingle (Resigned 3 October 2017)
T Robinson Smith
P Stanfield
C Steeds
H Vernon (Resigned 3 October 2017)
E Morris
G Harper
M Hall
R Webb
P Ferreira- Lay
S Valambhia (Appointed 4 October 2017)
N Messiah (Appointed 4 October 2017)

Members

The Guildford Diocese Educational Trust
A De La Touche
The Incumbent of Esher, Christ Church
S Mohamed
C O'Brien

Senior leadership team

C Bell - Head Teacher
C McLennan - Deputy Headteacher (appointed 18 April 2017)
M White - Deputy Headteacher (resigned 17 April 2017)
Helen Vernon - Chief Financial Officer
Tracy Tomb - Foundation Stage
Vic Cotter - KS1
Elaine Brindley - Lower KS2
Carol Skingle - Upper KS2
Simon Botham - Strategic Leader for Christian Distinctiveness
Pam Bal - SENCO

Company registration number

09362801 (England and Wales)

Registered office

Esher Church School
Milbourne Lane
Esher
Surrey
KT10 9DU
UK

ESHER CHURCH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Solicitors

Surrey Legal Services
County Hall
Penrhyn Road
Kingston Upon Thames
Surrey
KT1 2DN

ESHER CHURCH SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The governors present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 4 to 11 and is a Church of England school serving the local community and the four local parishes of Christ Church Esher, Holy Trinity Claygate, All Saints Weston and St Christopher's Hinchley Wood. It has a pupil capacity of 420 and had a roll of 411 in the school census on 6 October 2016.

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 governors are the trustees of Esher Church School and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Esher Church School was incorporated on 19 December 2014 and obtained Academy status from 1 February 2015.

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.

Method of recruitment and appointment or election of governors

The members of the Academy Trust shall comprise the signatories to the Memorandum, the Chairman of the Governors, the vice-chairman of the Governors and any person appointed under Article 16.

The number of Governors shall be not less than 3 and not more than 16. The Academy Trust shall have the following Governors; no fewer than 7 and no more than 9 Governors appointed under Article 50, 2 Parent Governors appointed under Articles 53 to 58, 2 Staff Governors, appointed under Article 50A, and the Principal. The Academy may also have up to 2 Co-opted Governors, a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if the number of Governors who are employed by the Academy Trust would thereby exceed one third of the total number of Governors (including the Principal). The Academy Trust currently has two Co Vice-Chairmen.

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Governor shall be 4 periods, save that: this time limit shall not apply to the Principal or to the Incumbent; and a Staff Governor shall only hold office for so long as he continues to be employed by the Academy Trust. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of governors

During the period under review the Governors held 4 full governor body meetings. Induction for new Governors takes place per the school's documented induction process for new governors and is tailored to their individual experience and roles as appropriate. There were two new governor appointments this period, who each received the support specified.

ESHER CHURCH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The structure of the school consists of three levels: the Governors, Leadership Team and Middle Leaders, who include subject leaders. The aim of the management structure is to devolve responsibility, maintain clear roles and processes and enable effective monitoring.

The Governors are responsible for setting and monitoring the strategic aims of the school and help to formulate and review the School Improvement Plan. The Governors agree the annual budget and monitor its implementation, are responsible for the recruitment and selection of senior staff and in addition look after the premises. The Governors also agree, maintain and communicate the framework of policies under which the school operates.

The Leadership Team encompasses the Headteacher, Deputy Headteacher, Business Manager, SENCo, Strategic Leader for Christian Distinctiveness and Key Stage Leaders. These leaders manage the day to day running of the school and implement the policies laid down by the Governors and report back to them. As a group, the Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although the appointment of senior staff will involve Governors.

Arrangements for setting pay and remuneration of key management personnel

Pay and Remuneration of our Senior Leadership Team is settled in accordance with our Pay and Appraisal policies and is part of an annual performance management cycle. Both the Teachers' Standards and The National Standards of Excellence for Headteachers inform the process. Annual appraisal objectives are set in accordance with our school priorities, outlined in our School Improvement Plan, together with continuous professional development considerations. The process is managed by a sub-group of the governing body supported by an external advisor and pay decisions are recommended to the school's Pay Committee for approval.

Related parties and other connected charities and organisations

Esher Church School is part of the Esher, Cobham and Molesey Cluster Group, a working group of local schools which shares training and expertise. The group comprises primary schools from these areas and Esher High School.

Objectives and activities

Objects and aims

Esher Church School is a mixed 4 to 11 primary school. Esher Church School provides a distinctly Christian environment in which each child is motivated to acquire skills for life, and to develop a moral code to foster a sense of care and responsibility for oneself and others. We ask all children, parents, carers and staff to respect this ethos and its importance to the whole school community. Whilst we are a Church of England school, we welcome children of other faiths and denominations, we aim to nurture children in their Christian faith, encourage those of other faiths and challenge those of no faith.

We are committed to working together with our children, parents, carers, local churches and other partners to improve the quality of learning and teaching and the breadth and depth of the curriculum we offer. The school's approach to teaching and learning is underpinned by our school's aims and values. Through effective teaching, the school achieves its aims of:

- Fostering a strong Christian ethos that guides all we do
- Enabling all our children to be the best they can be
- Being creative and innovative
- Being inclusive

ESHER CHURCH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

The main objective of the school is always to aim for the very best for the children and to offer them a stimulating and supportive learning environment where their talents and gifts are nurtured and developed within a strong Christian ethos.

The main priorities of the school during the period ended 31 August 2017, as set out in its 2016/2017 School Improvement Plan were to:

- Improve the progress of children in Key Stage 1 from relative starting points
- Improve the progress of children in Key Stage 2 from relative starting points
- Enable children currently working below age related expectations to achieve age related expectations in maths and English
- Develop an effective system for monitoring and evaluating pupil progress within key stages across core subjects
- Improve the quality of teaching and learning
- Improve behaviour by establishing a shared culture of consistently high expectations and shared approach to behaviour management
- Raise the profile and understanding of Anti-Bullying and e-safety within the school
- Improve the Learning Environment
- Further develop the school's ethos and Christian distinctiveness

Public benefit

The Governors confirm that they have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

The Governing Body is responsible for determining the admission arrangements of the school and have agreed a Published Admission Number of 60 pupils per year group with the Local Authority. If the number of applications for admission into a year group exceeds 60, the Governors will apply the criteria, in the order set out in their Admissions Policy, which can be found together with the ecclesiastical parish boundary maps on the school's website.

Strategic report

Achievements and performance

In the summer of 2017 many of our children, once again, surpassed our expectations in terms of their academic progress and attainment.

Our Early Years Foundation Stage (EYFS) results exceeded the national average with 90% of children achieving a good level of development.

The percentage of Year 1 pupils that met the expected standard in phonics was again above the national figure, with 92% of children achieving the expected standard.

At Key Stage 1, 90% of the children met the government's expected standard in Reading, which was above the national average, 85% of children met the expected standard in Mathematics, and 72% of children gained the expected standard in Writing. All of these results were above the national average figures.

At Key Stage 2, the children attained highly across all subjects with the percentage of children meeting the government's expected standard exceeding the national average in all subjects. 87% of pupils met the expected standard in Reading, 81% met the expected standard in Spelling, Punctuation and Grammar (SPAG), 83% met the expected standard in Mathematics and 83% met the expected standard in Writing.

In terms of our disadvantaged children, at Key Stage 2, 3 out of the 5 disadvantaged children in the cohort reached the expected standard in reading, writing and maths.

ESHER CHURCH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

The school uses the judgement areas set out in Ofsted's Common Inspection Framework to evaluate its performance:

- Effectiveness of leadership and management
- The quality of teaching, learning and assessment
- Personal development, behaviour and welfare
- Outcomes for children and learners
- Effectiveness of early years provision

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors 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.

Financial review

Most of the Academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are 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 receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and 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.

During the period ended 31 August 2017, total expenditure of £1,916k (2016: £1,904k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £154k (2016: £155k income over expenditure).

At 31 August 2017 the net book value of fixed assets was £54k (2016: £63k). Movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Surrey County Council Pension Fund, in which the Academy participates, showed a deficit of £438k (2016: £464k) at 31 August 2017.

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £123k (2016: £95k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves of £122k (2016: £110k) (total funds less the amount held in fixed assets and restricted funds), the Governors are expecting to utilise the additional reserves in the coming year.

ESHER CHURCH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Investment policy and powers

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Financial Position

The Academy held fund balances at 31 August 2017 of £(262)k (2016: £(168)k) comprising £(384)k (2016: £(278)k) of restricted funds and £122k (2016: £110k) of unrestricted general funds. Of the restricted funds, £54k (2016: £63k) is represented by tangible fixed assets.

The Pension reserve which is considered part of restricted funds was £438k (2016: £464k) in deficit.

Principal risks and uncertainties

The principal risks and uncertainties that Esher Church School faces are mitigated by the risk management process that the academy trust has in place.

Financial and risk management objectives and policies

The main financial risks which Esher Church School is exposed to, taking account of the mitigations in place, relate to the risk of an income shortfall due to the likelihood of further government spending reductions affecting our general grant. A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £438k (2016: £464k).

Financial and risk management objectives and policies

The Governors consider the main risks and uncertainties facing the Academy to be the impact on funding arising from a change in pupil numbers on roll, resulting from changes in families' circumstances or the failure to respond to the actions of other local and competitor schools. The effect of a fall in pupil numbers and resulting fall in funding will be our ability to recruit sufficient staff to teach and manage our school effectively. The Governors also consider a change in the Academy's reputation to be a risk, which could impact the number of pupils on roll or ethos of school. The Finance Committee monitor on a regular basis the finances of the school.

As a Single Academy Trust, the Academy may in the future be compelled to consider joining a Multi Academy Trust (MAT), however the Academy's Articles of Association offer protection from this. The Governors review the merits of joining a MAT periodically, including during the year ended 31 August 2017. Following this review the Governors concluded that the best interests of Esher Church School are served by remaining a Single Academy Trust.

The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 9.

Plans for future periods

The school has a good understanding of its strengths and areas for development based on the analysis of performance and financial data and the monitoring of its teaching and learning. The school also makes good use of external validation and moderation to secure its judgement on the quality of provision and subsequent outcomes.

Our priorities over the next year, as set out in our current School Improvement Plan are to:

- Improve the progress of children in Key Stage 1 and Key Stage 2 from relative starting points
- Raise attainment in spelling and writing
- Continue to improve the quality of teaching and learning
- Focus on creative quality first teaching in RE
- Improve the provision of play and lunch times
- Develop middle leaders to enhance their role in improving outcomes for children
- To improve staff wellbeing
- Further develop the school's ethos and Christian distinctiveness

ESHER CHURCH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Auditor

In so far as the governors are aware:

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

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 15 December 2017 and signed on its behalf by:

B Holmes

Chair

ESHER CHURCH SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of governors 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 Esher Church School and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 8 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
S Mohamed	3	3
C Bell (Headteacher and Accounting Officer)	2	3
Revd Dr S Collier	3	3
A de la Touche	1	3
B Holmes (Chair)	3	3
C O'Brien	3	3
C Skingle (Resigned 3 October 2017)	3	3
T Robinson Smith	2	3
P Stanfield	3	3
C Steeds	2	3
H Vernon (Resigned 3 October 2017)	3	3
E Morris	3	3
G Harper	2	3
M Hall	2	3
R Webb	3	3
P Ferreira- Lay	2	3
S Valambhia (Appointed 4 October 2017)	0	0
N Messiah (Appointed 4 October 2017)	0	0

ESHER CHURCH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

There were no significant changes to the composition of the board of trustees. The work of the trustees is delegated to four sub committees namely Finance, Partnerships & Premises, Learning & Teaching and Pupil Care.

An internal review of the board's effectiveness was conducted in May 2017 considering the board's performance against Ofsted's Improving Governance report. Reviewers found the board's performance and effectiveness to be good.

The following areas for improvement were identified:

- Increased focus on specialist training for trustees
- Better dissemination of committee level information about exam results and overall performance

As a result of these findings, action has been taken to establish a secure shared database of both training feedback and school monitoring information.

A trustees' skills audit was conducted in June 2017. It concluded that:

- There was a good balance of skills and experience across the areas investigated.
- Strengths included the level of collective professional experience in Communication, Research, Project Management, Performance Management and Financial Planning and Management.
- Trustees reported high levels of collective confidence in their understanding of the school.
- A majority of trustees had good or excellent awareness of sources of information about the school.

The following areas for improvement were identified:

- Trustee experience in IT strategy and delivery
- Collective knowledge of functional areas, such as financial management, school buildings and various aspects of HR
- Collective understanding of the short and long term priorities for the school.

As a result of these findings, action has been taken to establish a secure shared database of school monitoring information. The skills gap will inform future trustee recruitment and a programme will be developed to build collective understanding of school priorities amongst all trustees.

The remit of the Finance Committee is to ensure the adequate provision of assets and infrastructure from the resources available, to support the successful teaching and learning within the school. Membership of the Finance Committee for the year comprised four trustees, the Head Teacher, the Chair of the Governing Body. The School Business Manager is a co-opted member of the committee.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
S Mohamed	5	8
C Bell (Headteacher and Accounting Officer)	8	8
A de la Touche	5	8
P Stanfield	8	8
H Vernon (Resigned 3 October 2017)	8	8
G Harper	6	8
R Webb	8	8

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust 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.

ESHER CHURCH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Managing suppliers ensuring timely and accurate payment leading to better purchasing terms
- Delegating some spending to the senior leadership team or subject leaders ensuring that prudent purchasing decisions are made
- Obtaining three quotes on spends over the limits outlined in the Scheme of Delegation
- Managing accounts and VAT claims on a monthly basis, accompanied by monthly Financial Management reports to Governors
- Ensuring robust bi-annual audit checks are carried out.

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 academy 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 Esher Church School for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The risk and control framework

The academy 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 governors;
- regular reviews by the finance and premises 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 Governors have appointed Wilkins Kennedy LLP, to complete the internal audit function. Wilkins Kennedy LLP's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

In particular the checks carried out in the current period include:

- Testing of control systems
- Testing of control account/ bank reconciliation
- Review of policies and procedures and adherence thereon
- Review of governance and training of Governors

ESHER CHURCH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

During the year the Academy had a dedicated audit committee, which was a sub committee of the main governing body. The audit committee function is now part of the Finance Committee's terms of reference. On a semi annual basis Wilkins Kennedy LLP report to the audit committee function, on the operation of the systems of control and on the discharge of the Governing body's financial responsibilities. The full governing body are notified of any issues that need to be brought to their attention by the Finance Committee.

The Governors confirm the internal auditor has delivered their schedule of work as planned, and no material control issues arose as a result of the internal auditor's work.

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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy 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 Finance and Partnerships & Premises committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 15 December 2017 and signed on its behalf by:

C Bell
Headteacher and Accounting Officer

B Holmes
Chair

ESHER CHURCH SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2017*

As accounting officer of Esher Church School I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust's board of governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

C Bell
Accounting Officer

15 December 2017

ESHER CHURCH SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The governors (who act as trustees for Esher Church School and are also the directors of Esher Church School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements 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 governors 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 governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The governors 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 board of governors on 15 December 2017 and signed on its behalf by:

B Holmes
Chair

ESHER CHURCH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHER CHURCH SCHOOL

Opinion

We have audited the financial statements of Esher Church School (the 'Academy Trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust'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 governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

We have nothing to report in this regard.

ESHER CHURCH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHER CHURCH SCHOOL (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Governors' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report, including the incorporated 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the Statement of Governors' Responsibilities, the governors 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 governors 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 governors are responsible for assessing the academy trust'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 governors either intend to liquidate the Academy Trust, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the Academy Trust'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 Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

ESHER CHURCH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHER CHURCH SCHOOL (CONTINUED)

Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP

.....

Statutory Auditor
Chartered Accountants

Greytown House
221-227 High Street
Orpington
BR6 ONZ

ESHER CHURCH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ESHER CHURCH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 February 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Esher Church School during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Esher Church School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Esher Church School and 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 Esher Church School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Esher Church School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Esher Church School's funding agreement with the Secretary of State for Education dated 26 January 2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

ESHER CHURCH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ESHER CHURCH SCHOOL AND THE EDUCATION AND SKILLS 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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Dated: 16 December 2017

ESHER CHURCH SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted Funds	Restricted funds:		Total 2017	Total 2016
	Notes	£'000	General	Fixed asset	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	167	24	9	200	207
Charitable activities:						
- Funding for educational operations	4	-	1,450	-	1,450	1,750
Other trading activities	5	112	-	-	112	102
Total income and endowments		<u>279</u>	<u>1,474</u>	<u>9</u>	<u>1,762</u>	<u>2,059</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	106	1,782	27	1,915	1,904
Total expenditure	6	<u>106</u>	<u>1,782</u>	<u>27</u>	<u>1,915</u>	<u>1,904</u>
Net income/(expenditure)		173	(308)	(18)	(153)	155
Transfers between funds		(161)	152	9	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	59	-	59	(98)
Net movement in funds		12	(97)	(9)	(94)	57
Reconciliation of funds						
Total funds brought forward		110	(341)	63	(168)	(225)
Total funds carried forward		<u>122</u>	<u>(438)</u>	<u>54</u>	<u>(262)</u>	<u>(168)</u>

ESHER CHURCH SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£'000	£'000	£'000	(7 months) £'000
Income and endowments from:					
Donations and capital grants	3	147	42	18	207
Charitable activities:					
- Funding for educational operations	4	-	1,750	-	1,750
Other trading activities	5	102	-	-	102
Total income and endowments		<u>249</u>	<u>1,792</u>	<u>18</u>	<u>2,059</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	105	1,776	23	1,904
Total expenditure	6	<u>105</u>	<u>1,776</u>	<u>23</u>	<u>1,904</u>
Net income/(expenditure)		144	16	(5)	155
Transfers between funds		(101)	97	4	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(98)	-	(98)
Net movement in funds		43	15	(1)	57
Reconciliation of funds					
Total funds brought forward		67	(356)	64	(225)
Total funds carried forward		<u>110</u>	<u>(341)</u>	<u>63</u>	<u>(168)</u>

ESHER CHURCH SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		54		63
Current assets					
Debtors	12	54		67	
Cash at bank and in hand		234		411	
		<u>288</u>		<u>478</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(166)		(245)	
Net current assets			122		233
Net assets excluding pension liability			176		296
Defined benefit pension liability	18		(438)		(464)
Net assets			<u>(262)</u>		<u>(168)</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			54		63
- Restricted income funds			-		123
- Pension reserve			(438)		(464)
Total restricted funds			<u>(384)</u>		<u>(278)</u>
Unrestricted income funds	16		122		110
Total funds			<u>(262)</u>		<u>(168)</u>

The financial statements set out on pages 20 to 42 were approved by the board of governors and authorised for issue on 15 December 2017 and are signed on its behalf by:

B Holmes
Chair

Company Number 09362801

ESHER CHURCH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by (used in) operating activities	19		(168)		201
Cash flows from investing activities					
Capital grants from DfE and ESFA		9		-	
Capital funding from sponsors and others		-		18	
Payments to acquire tangible fixed assets		(18)		(22)	
			(9)		(4)
Change in cash and cash equivalents in the reporting period					
			(177)		197
Cash and cash equivalents at 1 September 2016			411		214
Cash and cash equivalents at 31 August 2017			<u>234</u>		<u>411</u>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006 (other than in respect of the disclosure of remunerations received by staff governors under employment contracts - see note 10 for details).

Esher Church School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 academy trust has provided the goods or services.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Donated goods, facilities and services

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 the academy trust's policies.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors' meetings and reimbursed expenses.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. Assets costing less than £2,000 or group of the same assets amounting to £3,000 are written off in the year of acquisition. All other assets are capitalised.

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The Academy Trust occupies land and buildings at Milbourne Lane, KT10 9DU, which are owned by the Trustees of the Church of England Archdiocese. The Academy Trust occupies the land and buildings under a licence on the same basis as when it was a maintained school. The continuing permission of the Diocesan Trustees is pursuant to and subject to the Trustees' charitable objects and is part of the Church of England's commitment to provide state funded education in partnership with the state. Under the terms of an agreement between the Secretary of State and the Academy Trust the Diocesan Trustees will give the Academy Trust not less than two years' notice to terminate the occupation of the land and buildings. The Governors have concluded that the value of land and buildings occupied by the Academy Trust should not be recognised in the balance sheet as the Church of England Archdiocese has the right to consent to works, including capital works. The Governors have therefore concluded that the academy Trust does not have control as defined by the Academies Accounts Direction 2016 to 2017.

Moreover, the Governors have decided not to account for the Academy Trust's occupancy of the land and buildings by means of a notional annual rental charge in the accounts, offset by income from a notional annual donation or gift of equivalent value from the Diocesan Trustees as owners of the freehold interest. The Governors have been unable to identify any objective method for calculating such a notional rent.

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

Computer equipment	33.3%
Fixtures, fittings & equipment	25%

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

1.6 Liabilities

Liabilities 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 trust 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.

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust 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. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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 instrument.

1.9 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.

1.10 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 18, 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 are 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 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.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.11 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 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 Education and Skills Funding Agency or Department for Education.

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	9	9	-
Other donations	167	24	191	207
	<u>167</u>	<u>33</u>	<u>200</u>	<u>207</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	1,294	1,294	1,324
Other DfE / ESFA grants	-	125	125	376
	<u>-</u>	<u>1,419</u>	<u>1,419</u>	<u>1,700</u>
Other government grants				
Local authority grants	-	31	31	50
	<u>-</u>	<u>31</u>	<u>31</u>	<u>50</u>
Total funding	<u>-</u>	<u>1,450</u>	<u>1,450</u>	<u>1,750</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	26	-	26	23
Other income	86	-	86	79
	<u>112</u>	<u>-</u>	<u>112</u>	<u>102</u>

6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	1,175	-	149	1,324	1,344
- Allocated support costs	137	295	159	591	560
	<u>1,312</u>	<u>295</u>	<u>308</u>	<u>1,915</u>	<u>1,904</u>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	6	6
- Other services	3	2
Operating lease rentals	6	3
Depreciation of tangible fixed assets	27	23
Net interest on defined benefit pension liability	10	14
	<u> </u>	<u> </u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	85	1,239	1,324	1,344
Support costs - educational operations	21	570	591	560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	106	1,809	1,915	1,904
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	2017 £'000	2016 £'000
Analysis of support costs		
Support staff costs	137	121
Depreciation and amortisation	27	23
Technology costs	2	-
Premises costs	258	248
Other support costs	158	157
Governance costs	9	11
	<u> </u>	<u> </u>
	591	560
	<u> </u>	<u> </u>

8 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	996	1,031
Social security costs	84	74
Operating costs of defined benefit pension schemes	225	197
	<u> </u>	<u> </u>
Staff costs	1,305	1,302
Staff development and other staff costs	7	7
	<u> </u>	<u> </u>
Total staff expenditure	1,312	1,309
	<u> </u>	<u> </u>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

Staff numbers

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

	2017	2016
	Number	Number
Teachers	14	23
Administration and support	26	22
Management	9	8
	<u>49</u>	<u>53</u>

Higher paid staff

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

	2017	2016
	Number	Number
£60,000 - £70,000	<u>1</u>	<u>1</u>

The administration and support staff of the academy trust comprise 4 administration staff and 22 education support staff. (2016: 3 administration staff 19 education support staff).

Key management personnel

The key management personnel of the academy trust comprise the staff governors 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 £484k (2016: £389k).

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Governors' remuneration and expenses

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

The value of governors' remuneration and other benefits was as follows:

C Bell (principal):

- Remuneration £65,000 - £70,000 (2016: £65,000 - £70,000)
- Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

C Skingle & Helen Vernon (staff):

- Remuneration £54,553 (2016: £53,735)
- Employer's pension contributions £14,490 (2016: £14,447)

The other staff Governors listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Governors believe any further detailed breakdown would be prejudicial to the structure of the Governing Board.

During the year, £338 (2016: £319) were reimbursed or paid directly to two governors for staff wellbeing, staff hospitality and school equipment.

Other related party transactions involving the governors are set out within the related parties note.

10 Governors 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 governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the governors and officers indemnity element from the overall cost of the RPA scheme.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 1 September 2016	40	55	95
Additions	18	-	18
	<hr/>	<hr/>	<hr/>
At 31 August 2017	58	55	113
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 September 2016	15	17	32
Charge for the year	13	14	27
	<hr/>	<hr/>	<hr/>
At 31 August 2017	28	31	59
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 August 2017	30	24	54
	<hr/>	<hr/>	<hr/>
At 31 August 2016	25	38	63
	<hr/>	<hr/>	<hr/>

12 Debtors

	2017 £'000	2016 £'000
VAT recoverable	3	16
Other debtors	6	3
Prepayments and accrued income	45	48
	<hr/>	<hr/>
	54	67
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	13	-
Other taxation and social security	22	22
Other creditors	23	24
Accruals and deferred income	108	199
	<hr/>	<hr/>
	166	245
	<hr/>	<hr/>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

14 Deferred income	2017	2016
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	44	44
	<u> </u>	<u> </u>
Deferred income at 1 September 2016	44	44
Released from previous years	(44)	(44)
Amounts deferred in the year	44	44
	<u> </u>	<u> </u>
Deferred income at 31 August 2017	44	44
	<u> </u>	<u> </u>

At the balance sheet date, the Academy Trust was holding funds received in advance for Free School Meals in term one of the 2017/18 school year.

15 Financial instruments	2017	2016
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3	19
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	101	190
	<u> </u>	<u> </u>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	-	1,294	(1,446)	152	-
Other DfE / ESFA grants	123	125	(248)	-	-
Other government grants	-	31	(31)	-	-
Other restricted funds	-	24	(24)	-	-
	<u>123</u>	<u>1,474</u>	<u>(1,749)</u>	<u>152</u>	<u>-</u>
Funds excluding pensions	123	1,474	(1,749)	152	-
Pension reserve	(464)	-	(33)	59	(438)
	<u>(341)</u>	<u>1,474</u>	<u>(1,782)</u>	<u>211</u>	<u>(438)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	-	9	-	(9)	-
Private sector capital sponsorship	63	-	(27)	18	54
	<u>63</u>	<u>9</u>	<u>(27)</u>	<u>9</u>	<u>54</u>
Total restricted funds	<u>(278)</u>	<u>1,483</u>	<u>(1,809)</u>	<u>220</u>	<u>(384)</u>
Unrestricted funds					
General funds	110	279	(106)	(161)	122
	<u>110</u>	<u>279</u>	<u>(106)</u>	<u>(161)</u>	<u>122</u>
Total funds	<u>(168)</u>	<u>1,762</u>	<u>(1,915)</u>	<u>59</u>	<u>(262)</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy. Under the amended funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants: This includes the pupil premium, sports grant, rates relief, and Universal Free School Meals.

Other government grants: This includes SEN funding received from the Local Authority.

Other restricted funds : This includes restricted donations from the Esher Church School Association for specific equipment.

DfE/ESFA capital grants: this includes the devolved formula capital grant.

The transfer of funds relate to the additions to fixed assets during the year and to cover the additional costs over and above those covered by GAG funding.

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	-	1,324	(1,421)	97	-
Other DfE / ESFA grants	-	376	(253)	-	123
Other government grants	-	50	(50)	-	-
Other restricted funds	-	42	(42)	-	-
	<u>-</u>	<u>1,792</u>	<u>(1,766)</u>	<u>97</u>	<u>123</u>
Funds excluding pensions	-	1,792	(1,766)	97	123
Pension reserve	(356)	-	(10)	(98)	(464)
	<u>(356)</u>	<u>1,792</u>	<u>(1,776)</u>	<u>(1)</u>	<u>(341)</u>
	<u><u>(356)</u></u>	<u><u>1,792</u></u>	<u><u>(1,776)</u></u>	<u><u>(1)</u></u>	<u><u>(341)</u></u>
Restricted fixed asset funds					
Private sector capital sponsorship	64	18	(23)	4	63
	<u>64</u>	<u>18</u>	<u>(23)</u>	<u>4</u>	<u>63</u>
	<u><u>64</u></u>	<u><u>18</u></u>	<u><u>(23)</u></u>	<u><u>4</u></u>	<u><u>63</u></u>
Total restricted funds	<u>(292)</u>	<u>1,810</u>	<u>(1,799)</u>	<u>3</u>	<u>(278)</u>
	<u><u>(292)</u></u>	<u><u>1,810</u></u>	<u><u>(1,799)</u></u>	<u><u>3</u></u>	<u><u>(278)</u></u>
Unrestricted funds					
General funds	67	249	(105)	(101)	110
	<u>67</u>	<u>249</u>	<u>(105)</u>	<u>(101)</u>	<u>110</u>
	<u><u>67</u></u>	<u><u>249</u></u>	<u><u>(105)</u></u>	<u><u>(101)</u></u>	<u><u>110</u></u>
Total funds	<u>(225)</u>	<u>2,059</u>	<u>(1,904)</u>	<u>(98)</u>	<u>(168)</u>
	<u><u>(225)</u></u>	<u><u>2,059</u></u>	<u><u>(1,904)</u></u>	<u><u>(98)</u></u>	<u><u>(168)</u></u>

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	54	54
Current assets	288	-	-	288
Creditors falling due within one year	(166)	-	-	(166)
Defined benefit pension liability	-	(438)	-	(438)
	<u>-</u>	<u>(438)</u>	<u>54</u>	<u>(438)</u>
	<u><u>122</u></u>	<u><u>(438)</u></u>	<u><u>54</u></u>	<u><u>(262)</u></u>
	<u><u>122</u></u>	<u><u>(438)</u></u>	<u><u>54</u></u>	<u><u>(262)</u></u>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	63	63
Current assets	110	368	-	478
Creditors falling due within one year	-	(245)	-	(245)
Defined benefit pension liability	-	(464)	-	(464)
	<u>110</u>	<u>(341)</u>	<u>63</u>	<u>(168)</u>

18 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £23k were payable to the schemes at 31 August 2017 (2016: £24k) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £116k (2016: £116k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees. The estimated value of employer contributions for the forthcoming year is £51,000.

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.

Total contributions made	2017	2016
	£'000	£'000
Employer's contributions	86	86
Employees' contributions	15	16
	<hr/>	<hr/>
Total contributions	101	102
	<hr/> <hr/>	<hr/> <hr/>
Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	2.7	2.4
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1
Inflation assumption (CPI)	2.5	2.1
	<hr/> <hr/>	<hr/> <hr/>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

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

	2017	2016
	Years	Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.1	24.5
- Females	26.4	26.9
	=====	=====
	2017	2016
0.5% decrease in discount rate	107	587
0.5% increase in salary rate	21	177
0.5% increase in pension rate	84	394
	=====	=====
The academy trust's share of the assets in the scheme	2017	2016
	Fair value	Fair value
	£'000	£'000
Equities	334	272
Bonds	68	62
Cash	32	7
Property	18	22
	-----	-----
Total market value of assets	452	363
	=====	=====
Actual return on scheme assets - gain/(loss)	(10)	44
	=====	=====
Amounts recognised in the statement of financial activities	2017	2016
	£'000	£'000
Current service cost	109	82
Interest income	(9)	(10)
Interest cost	19	24
	-----	-----
Total operating charge	119	96
	=====	=====

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations		(Continued)	
Changes in the present value of defined benefit obligations		2017	2016
		£'000	£'000
Obligations at 1 September 2016		827	573
Current service cost		109	82
Interest cost		19	24
Employee contributions		15	16
Actuarial (gain)/loss		(78)	132
Benefits paid		(2)	-
		<hr/>	<hr/>
At 31 August 2017		890	827
		<hr/> <hr/>	<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets		2017	2016
		£'000	£'000
Assets at 1 September 2016		363	217
Interest income		9	10
Actuarial loss/(gain)		(19)	34
Employer contributions		86	86
Employee contributions		15	16
Benefits paid		(2)	-
		<hr/>	<hr/>
At 31 August 2017		452	363
		<hr/> <hr/>	<hr/> <hr/>
19 Reconciliation of net income/(expenditure) to net cash flows from operating activities		2017	2016
		£'000	£'000
Net (expenditure)/income for the reporting period		(153)	155
Adjusted for:			
Capital grants from DfE/ESFA and other capital income		(9)	(18)
Defined benefit pension costs less contributions payable		23	(4)
Defined benefit pension net finance cost		10	14
Depreciation of tangible fixed assets		27	23
Decrease/(increase) in debtors		13	(19)
(Decrease)/increase in creditors		(79)	50
		<hr/>	<hr/>
Net cash used in operating activities		(168)	201
		<hr/> <hr/>	<hr/> <hr/>

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education and Skills Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

21 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000	2016 £'000
Amounts due within one year	3	3
Amounts due in two and five years	5	8
	<u>8</u>	<u>11</u>

22 Related party transactions

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

During the period the school employed the spouses of the Governors A de la Touche and Revd Dr S Collier as teaching assistants.

23 Members' liability

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

ESHER CHURCH SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Prior period adjustment

A prior period adjustment affected the figures reported for the comparative period for funds and net income or expenditure, as follows.

		1 September 2015 £'000	31 August 2016 £'000
Reconciliation of funds	Notes		
Funds as previously reported		7,966	7,960
Adjustments arising:			
De-recognition of land and buildings	1	(8,191)	(8,128)
Funds as restated		<u>(225)</u>	<u>(168)</u>
Reconciliation of net income for the previous financial period	Notes		2016 £'000
Net income as previously reported			92
Adjustments arising:			
De-recognition of land and buildings	1		63
Net income as restated			<u>155</u>

Notes to restatement

1) Church land and buildings

A prior year adjustment has been processed to remove land and buildings from the balance sheet following guidance issued in the Academies Accounts Direction 2016/17.

The effect of this has been to reduce brought forward funds by £8,128k and increase net income for the year ended 31 August 2016 by £63k.