

REGISTERED COMPANY NUMBER: 08108086 (England and Wales)

Report of the Trustees and
Financial Statements for the Year Ended 31st August 2017
for

Cheshire Academies Trust

UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

SATURDAY



A6LVGZ77

A43

23/12/2017

#303

COMPANIES HOUSE

Cheshire Academies Trust

Contents of the Financial Statements
for the Year Ended 31st August 2017

	Page
Reference and Administrative Details	1 to 2
Report of the Trustees	3 to 13
Governance Statement	14 to 16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees Responsibilities	18
Report of the Independent Auditors	19 to 21
Independent Accountant's Report on Regularity	22 to 23
Statement of Financial Activities	24
Balance Sheet	25 to 26
Cash Flow Statement	27
Notes to the Cash Flow Statement	28
Notes to the Financial Statements	29 to 52

Cheshire Academies Trust

Reference and Administrative Details
for the Year Ended 31st August 2017

MEMBERS

J Moorhouse
H J Ziman
J M Lucy
M M Connolly
G Hunt

TRUSTEES

H J Ziman (Chair)
J M Lucy
J Moorhouse
G Hunt
D Wearing (Principal & Accounting Officer)
S M Ellis (Principal)
S Walters
R Ford (Principal) (appointed 20.9.16)
A Brennan (appointed 20.1.17)
M Huber (appointed 20.1.17)

SENIOR MANAGEMENT TEAM

L Jones (Director of Operations)
R Ford ((Principal (Mill View))) (appointed 1.9.16)
S Walters (Principal (Mill View)) (resigned 4.9.16)
D Wearing (Principal (Kelsall) & Accounting Officer)
S M Ellis (Principal (Boughton Heath))

REGISTERED OFFICE

Kelsall Primary School
Flat Lane
Kelsall
Cheshire
CW6 0PU

**REGISTERED COMPANY
NUMBER**

08108086 (England and Wales)

AUDITORS

UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Cheshire Academies Trust

Reference and Administrative Details
for the Year Ended 31st August 2017

SOLICITORS

Browne Jacobson
3 Piccadilly Place
Manchester
M1 3BN

BANKERS

Lloyds Bank plc
8 Foregate Street
Chester
Cheshire
CH1 1XP

Cheshire Academies Trust

Report of the Trustees for the Year Ended 31st August 2017

The Trustees present their annual report together with the financial statements and 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 three primary academies and a teaching school in Cheshire West and Chester. Its academies have a combined pupil capacity of 630 (2016: 630) and had a roll of 630 in the school census on 18 May 2017 (2016: 623).

Structure, Governance and Management

Constitution

Cheshire Academies Trust (CAT) is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of CAT are also the directors of the charitable company for the purposes of company law.

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 is a Member of the DfE Risk Protection Arrangement which provides cover Members and Trustees from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. Details of the costs can be found in note 12 of the accounts.

Method of Recruitment and Appointment or Election of Trustees

The Members of Cheshire Academies Trust are responsible for the appointment of the Trustees. There are no ex-officio roles linked to roles in individual academies. Two co-opted Trustees were appointed during the year following a rigorous recruitment and selection process, supported by Academy Ambassadors. Following a county-wide advertising campaign, potential trustees had an initial telephone interview with the Chair. After this, a number of candidates were invited to an interview with members of the Board including the Principals.

Following appointment, new Trustees were provided with relevant information and training regarding the Trust, its individual academies and the role of Trustee. New Trustees visited each academy to meet with staff and representatives from their Local Governing Bodies.

The composition of the Board on 31 August 2017 was:

- 1 Trustee who is also a Governor in an individual academy
- 1 Trustee who resigned as the Chair of Governors in an individual academy on 28 June 2017
- 3 Trustees who are also Principals in individual academies within CAT
- 5 co-opted Trustees

Policies and Procedures Adopted for the Induction and Training of Trustees

On appointment, Trustees receive information relating to the Trust and its academies and attend a briefing, visit individual academies and receive an induction pack on the role and responsibilities of Trustees. During the year, Trustees were offered all necessary training.

Cheshire Academies Trust

Report of the Trustees for the Year Ended 31st August 2017

Organisational Structure

The structure of the Trust consists of two levels; the Trustees and the Senior Leadership Team (SLT). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Principal of Kelsall Primary School is the Trust's Accounting Officer.

The Trustees are responsible for setting general policy, adopting a Strategic School Development Plans and setting the budget. They also monitor the performance of individual academies by the use of financial reports and test results and make major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Trust's Senior Leadership Team comprises the Principal of Kelsall Primary School, the Principal of Boughton Heath Academy, the Principal of Mill View Primary School and the Trust's Director of Operations. These leaders control the Trust at an executive level. In addition, the Principals at individual academies, both implement the policies laid down by the Trustees and the SLT and are accountable to them for the performance of each school.

Day-to-day responsibility for the individual academies is devolved to a Local Governing Body, each of which has a number of sub-committees. Each such sub-committee has its own terms of reference detailing the responsibilities discharged to the committee, to the Principal and to the academy's own Senior Leadership Team. The terms of reference and meeting frequency for each committee are reviewed and approved by the Local Governing Body annually.

The overall Board of Trustees stipulate the terms of reference for each academy's Finance Committee. The Trust's Financial Handbook details the Trust/Academy's authorised spending limits.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of academy Principals is decided by Local Governing Bodies on the basis of recommendations from an appraisal panel. This includes a representative of the Board of Trustees.

The pay and remuneration for the Director of Operations is decided by the Board of Trustees on the basis of a recommendation from an appraisal panel. This panel includes the Accounting Officer and a representative from the Board of Trustees.

Decisions surrounding supplementary pay increases for all staff, including key management personnel, are made by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

National Support School - Teaching School - Cheshire Leadership and Teaching Alliance

Kelsall Primary School was designated as the teaching school in the Cheshire West and Chester local authority area in March 2013. Kelsall Primary School thus acts the lead school for the Cheshire Leadership and Teaching Alliance (CLTA). The CLTA's director is the Principal of Kelsall Primary School, David Wearing.

With their alliances of interested schools Teaching Schools are involved in the delivery of the 'Big 6' namely

- delivery of School Direct Initial Teacher Training
- career and professional leadership development
- identifying and developing leadership succession potential
- school-to-school support

Report of the Trustees
for the Year Ended 31st August 2017

- designating and brokering Specialist Leaders of Education (SLE), National Leaders of Education (NLE) and National Leaders of Governance (NLG)
- engaging in research and development

National Primary Qualification for Senior Leaders (NPQSL) & National Primary Qualification for Middle Leaders (NPQML)

CLTA works in partnership with Tauheedul College to deliver leadership programmes. 13 NPQML and 12 NPQSL participants completed this training in the year. This figure is greatly reduced compared to previous years because scholarships were halted by the National College thus increasing the cost to schools.

Former Trustee, Lyndsay Watterson and the Headteacher of Witton Church Walk Primary School (Strategic member of the CLTA) delivered this training in 2016-2017.

School Direct ITT

CLTA works in partnership with the University of Chester, Alliance Members and Partner Schools to deliver this teacher training programme. 7 Associate Teachers enrolled in the programme in the year. Funding per Associate Teacher (AT) is paid by the University, from which, training costs and payments to partner schools are deducted.

In 2016-2017, the National College altered the recruitment drive nationally which brought an abrupt halt to the application window, meaning the number of AT's this year was greatly reduced. In order to ensure this programme remained viable CLTA partnered with the Wade Deacon Teaching School Alliance to deliver training and reduced the overall cost to each Alliance. Of the students enrolled in the programme, 6 AT's have found employment in education; the seventh withdrew from the programme for health reasons.

Continuous Professional Development (CPD)

55 CPD training courses or staff meetings were delivered in 2016-17.

CLTA continues to review the quality of their consultants and feasibility of any partnerships to ensure all training provided is of the highest possible calibre. Many schools reported a reduction of budgets as being a particular barrier to engaging in training this year. CLTA accordingly increased the number of courses offered as staff meetings/twilight training sessions to enable schools to continue to participate.

School-to-School Support

In 2016-2017 Boughton Heath Academy was designated as a National Support School (NSS) and its Principal, a National Leader of Education (NLE). In this capacity, Mr Ellis provided school-to-school support to The Grange Primary School - an arrangement brokered via Cheshire West and Chester Council.

Funding for School-to-School support was also secured by CLTA for four local primary schools (St. Luke's Primary School, Upton West Lea Primary School, Saughall All Saints Primary School and Bexton Primary School). School improvement at each of these settings was provided by NLE's and Specialist Leaders of Education (SLE) lead by the Principal and Vice-Principal of Kelsall Primary School.

Every Child Counts

Every Child Counts was a new partnership with Edge Hill University in 2016-2017. Via this partnership, CLTA has delivered maths and literacy training to support teachers and teaching assistants across the region to enable low-attaining pupils catch up with their peers and to raise attainment generally

Oxford University Press (OUP)

In 2016-2017, CLTA formed a new partnership with OUP. CLTA hosted 'Expert Events' in partnership with OUP which enabled us to engage with schools in the region with which we had not previously dealt. 30 schools (including schools from Halton, Stockport and Knowsley) and 53 teachers attended the Literacy Event in March. Further such 'Expert Events' are planned for 2017 and 2018.

Cheshire Academies Trust

Report of the Trustees for the Year Ended 31st August 2017

In 2016-2017 CLTA has collaborated with in excess of 200 (2016: 123) schools to enable the delivery of one of more of the 'big six'. All Trust academies continue to work closely with each other and to maintain collaborative links with non-Trust schools in their localities through the work of CLTA.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust's objective is to advance for the public benefit education for children aged from 4 to 11 years by establishing, maintaining, managing and developing academies offering an outstanding curriculum that raises standards and aspirations.

Our aim is to improve standards in our individual academies via a formalised partnership, providing children with the necessary academic, creative, physical and social skills that will develop throughout their education and lay the foundations for a fulfilled adult life.

The wider aims of the Trust are;

- To play our part in raising national standards in education through sharing good practice with other schools and teachers across the country;
- To take a leading role in national initiatives.

Report of the Trustees
for the Year Ended 31st August 2017

OBJECTIVES AND ACTIVITIES

Objectives, Strategies and Activities

The Trust's priorities for the year ending 31 August 2017 were:

Leadership and Management

- To embed Trust-wide protocols for communication, collaboration, shared working practices and opportunities to improve staff practice and outcomes for children;
- To strengthen and expand central Trust capacity to enable the future growth of the Trust including applications for funding to enable this to happen;
- To create opportunities for staff across the Trust to work collaboratively to share and extend outstanding leadership and practice across the Trust.

Quality of Teaching, Learning and Assessment

- To appoint Lead Professionals for Mathematics, Literacy and Technology to provide strategic leadership and promote high standards in their subject area across the Trust;
- To implement an effective assessment system to use pupil assessment information and data to improve learning in the classroom and at key points of transition between key stages (EY to Year 1; Year 2 to Year 3) in each academy;
- To review school assessment practices and changes to the curriculum by senior leaders so as to inform a new system for assessment across the Trust;
- To ensure teachers make consistent judgments and adopt the best practices of working together to moderate assessments both for year groups and for the end of the various key stages in all trust academies;
- To ensure any assessment is used to modify teaching so that the vast majority of pupils achieve at least the expected standards, either by the end of the year or key stage.

Personal Development, Behaviour and Welfare

- To appoint a Lead Professional for Safeguarding, Behaviour and Welfare (SBW) to provide strategic leadership and management of safeguarding throughout the Trust to provide a safe environment for pupils to develop and learn, and employees to work. [The Lead SBW Professional will be responsible for promoting and safeguarding the welfare of children and young people within each school in the Trust to help ensure each school and the Trust complies with all current legislation relating to Child Protection and Safeguarding.]

Outcomes for Pupils

- To ensure that ALL pupils are making rapid progress from their starting position.

Public benefit

The Trustees confirm that they have referred to the Charity Commission's general guidance on the Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Trustees considered how planned activities will contribute to the aims and objectives they have set.

The Trustees of Cheshire Academies Trust have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Cheshire Academies Trust

Report of the Trustees for the Year Ended 31st August 2017

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

The Board uses a number of Key Performance Indicators to monitor its performance. These include, but are not limited to, Ofsted outcomes (if available), exam results in comparison to Trust data and national averages, attendance percentages and total expenditure as a percentage of the overall academy budget.

In the year ended 31 August 2017 this data was as follows:

KPI	National Data %	CAT Trust %	Boughton Heath %		Kelsall Primary %		Mill View Primary %	
EY GLD	69.3	78	73 / 100		80 / N/a		67 / 38	
Year 1 Phonics	81	87	90 / 100		80 / 100		83 / 60	
Year 2 Phonics	91	100	100 / N/a		97 / N/a		100 / N/a	
	Exp / GD	Exp / GD	Exp / GD		Exp / GD		Exp / GD	
			Non/Dis	Non/Dis	Non/Dis	Non/Dis	Non/Dis	Non/Dis
Year 2 Reading	74 / 24	74 / 22	73 / 66	20 / 33	80 / 100	27 / 100	70 / 67	20 / 0
Year 2 Writing	65 / 13	71 / 17	64 / 66	10 / 0	80 / 100	23 / 100	70 / 67	20 / 0
Year 2 Maths	73 / 18	78 / 16	66 / 66	13 / 0	90 / 100	17 / 100	77 / 67	20 / 0
Year 2 Combined	61 / 9	76 / 17	87 / 50	10 / 0	60 / 100	0 / 0	70 / 50	10 / 0
Year 6 Reading	71 / 25	83 / 37	90 / 50	50 / 0	83 / 67	33 / 0	80 / 50	33 / 0
Year 6 Writing	76 / 15	85 / 33	90 / 100	47 / 0	77 / 67	23 / 0	87 / 50	33 / 0
Year 6 Maths	75 / 23	81 / 33	90 / 50	56 / 50	73 / 67	13 / 0	70 / 50	23 / 25
Year 6 GPS	72 / 31	81 / 36	90 / 50	56 / 0	67 / 67	20 / 0	80 / 75	33 / 0
Attendance	96.0	97.2		97.0		97.2		97.5
Persistent Absence	2.7	Nil		Nil		Nil		Nil
Total Expenditure (% of Total Budget)	No Data	N/a		97.7		101.5		96.1

There were no Ofsted visits to any academy within CAT during the year-ended 31 August 2017 (2016: No Visits).

Report of the Trustees
for the Year Ended 31st August 2017

STRATEGIC REPORT

Financial review

Financial review

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted for particular purposes. Income is also generated through the Teaching School (CLTA). The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

All Trust Academies generate income via catering and Mill View Primary School also generates income from out-of-hours activities. The income generated by these activities during the year ended 31st August 2017 is shown as unrestricted funds in the Statement of Financial Activities.

The Trust receives devolved formula capital grants and the opportunity to bid for Capital Improvement Funding (CIF) from the ESFA. In the year ended 31 August 2017, the Trust was successful in a CIF bid totalling £198,120. This was awarded to Boughton Heath Academy for the first phase of a two-phase replacement of the heating system. In accordance with the 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. This restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful lives of the various assets held.

The Trust is a Sponsor Multi-Academy Trust (MAT) and, as such, has been able to access funds to increase central capacity to achieve the Board's vision for growth. In the year to 31 August 2017, the Trust was awarded £10,000 from the Sponsor Capacity Fund and £87,736 from the Regional Academy Growth Fund.

Boughton Heath was designated as a National Support School (NSS) and its Principal an National Leader of Education (NLE) in the year. As such, the academy was awarded a bursary of £6,000 from the National College of Teaching and Learning. The grant is to be used in respect of contributions towards NSS/NLE related activities.

The Trust is an employer in the Cheshire Pension Fund (Local Government Pension Scheme (LGPS)). The LGPS is a funded scheme and the assets are held separately from those of the Trust. Pension scheme assets are measured at fair value and the liabilities are measured on an actuarial basis. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs, gains and losses on settlements and curtailments. They are included as part of the operational costs. Each Academy purchases ill-health liability insurance for LGPS members through Legal and General; the cost of which is offset against the employer charge.

At 31 August 2016, the LGPS liabilities held by the Trust increased significantly as a result of a decrease in the net discount rate over the period. At 31st August 2017, the LGPS liabilities have reduced but remain higher than the liability rate at 31 August 2015 at Boughton Heath Academy (20% higher) and Mill View Primary School (30% higher). The Trust met its obligations in respect of auto-enrolment for all eligible employees under the Pensions Act 2008. At Kelsall Primary School, one LGPS member retired. There is no material change to the LGPS membership at any individual academy.

At 31 August 2017, the net book value of fixed assets was £5,554,450 (2016: £5,372,849). Movement in tangible assets is shown in note 13 to the financial statements. These assets were used exclusively for providing education and its associated support services to the pupils in the Trust, as well as for the operation of CLTA.

During the year ended 31 August 2017, total expenditure of £3,175,549 (2016: £3,029,447) was met by recurrent grant funding from the EFSA together with other incoming resources.

Cheshire Academies Trust

Report of the Trustees for the Year Ended 31st August 2017

STRATEGIC REPORT

Financial review

Financial review

In the year ended 31 August 2017, Mill View Primary School incurred costs totalling £5,264 and the Trust incurred costs totalling £1,360 in relation to an ongoing court case alleging nuisance brought by a neighbour of the Mill View Primary School. The majority of associated costs (save for the VAT) relating to the action were met by the DfE's Risk Pooling Arrangement (RPA) into which the academy pays. The Trust successfully defended itself in court.

At the time of writing, the claimants can still exercise their right of appeal. Accordingly, the final outcome relating to the verdict in the Trust's favour is, as yet, uncertain.

In the year to 31 August 2017, CAT also established a Budget Action Group to monitor the implications and associated risks of various proposed changes to school funding. The group met in the Spring and Summer terms. The academies within the Trust are collaborating to minimise the impact of any potential reduction in funding on outcomes for children.

Reserves policy

The Board of Trustees reviews the Trust's reserves policy. This indicates that all academies within the Trust should accumulate a level of free reserves equivalent to one month's salary costs within an agreed timeframe that does not pose a risk to routine academy operation.

The policy also indicates that the central services element of the Trust should itself hold free reserves of the total of its constituent academies' salary costs for one month. This is currently approximately £108k (2016: £108k). There is a plan to achieve this over an eight year period to help minimise the charges made by the Trust to its member academies to fund its core services.

The total Trust's free reserves as at 31 August 2017 comprised the following:

	2017 £	2016 £
Unrestricted Funds	510,301	331,891
General restricted funds	506,644	275,696
Restricted fixed asset funds	5,554,450	5,616,512
Pension reserve fund liability	<u>(725,000)</u>	<u>(1,094,000)</u>
	<u>5,846,395</u>	<u>5,130,099</u>

Investment Policy

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. Although the Trust does not consider the investment of funds to be a primary activity, the Trustees remain open to exploring investment opportunities when appropriate free reserves have been accumulated.

The Trust had no investments at 31 August 2017 (2016: None).

Report of the Trustees
for the Year Ended 31st August 2017

STRATEGIC REPORT

Financial review

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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.

Principal risks and uncertainties

The Trust has a comprehensive risk management policy which outlines the responsibilities of the Board, the Local Governing Bodies of its individual academies, its academy principals and other staff in regards to managing risk.

The Trust categorises risk into four areas: Strategic and Reputational; Operational; Compliance; and Financial.

The Board has considered the major risks to which the Trust is exposed, including those relating to governance, finance, insurance, attainment, attendance, behaviour, health and safety, organisational development, operations, safeguarding, HR, ICT, reputation and legal matters.

Each Trust academy, the CLTA and the central services element of the Trust have individual, comprehensive risk registers. These are reviewed annually by the Board and more regularly at an operational level. A risk-rating mechanism in the registers focuses the attention of each local governing body and the SLT to areas identified as higher risk. Appropriate action can then be considered and taken.

Report of the Trustees
for the Year Ended 31st August 2017

STRATEGIC REPORT

Plans for future periods

The core purpose of the Trust is to achieve continued and consistent high outcomes for children. The Trust's embedded culture is designed to encourage our academies to thrive by developing and sharing best practices/systems, by facilitating rigorous internal challenge and through decisive early intervention to secure improvement wherever needed.

The Board and academy senior leaders have completed a careful and considered visioning process to develop a maturity model for the Trust to plan a strategy for growth. The Trust believes that careful growth will realise significant benefits for the children and staff in both converting and existing Trust academies. The Trust is committed to improving standards for all young people in the locality and regards sponsoring additional academies as one of the means by which this can be achieved.

Separate to that aim, the Trust continues to create alliances and be actively involved with local schools to engage in discussions around school improvement. This is most notably done through the Trust's teaching alliance element, the CLTA, which has supported improving standards at four non-Trust local primary schools in the year.

The Board have agreed the following strategic improvement plans for 2017:

- Growth and development - How leaders will be held to account for academic performance in a larger Trust. This will be led by D Wearing (Trustee, Accounting Officer and Principal), Dr. H Ziman (Chair of the Board) and M Connolly (Member);
- Accountability and external validation of the work undertaken by the Trust in relation to pupil outcomes, needs and development. This will be led by S Walters (Trustee) and S Ellis (Trustee and Principal);
- Developing consistency in Communication and Governance between Local Governing Bodies and the Board to ensure that the Trust has appropriate embedded knowledge as to how its Trust Local Governing Bodies operate and their understanding of the Trust's Scheme of Delegation and the respective levels of accountability between the Local Governing Bodies and the Trust Board. This will be led by R Ford (Trustee and Principal), J Myers (National Leader of Governance and Chair of Local Governing Body) and A Brennan (Trustee); and
- Financial Sustainability - This will particularly review financial measures taken which have positively impacted on pupils. This will be led by M Huber (Trustee) and L Jones (Director of Operations).

Funds Held as Custodian Trustee on Behalf of Others

The Trust has not held funds as a custodian trustee on behalf of others at any point to date since its foundation.

STRUCTURE, GOVERNANCE AND MANAGEMENT
AUDITORS

Insofar as the Trustees are aware:

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

In April 2016, following a tendering process, the Board appointed UHY Hacker Young as their auditors for the period 2016-2019.

Cheshire Academies Trust

Report of the Trustees
for the Year Ended 31st August 2017

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 6th December 2017 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'H J Ziman', with a long horizontal flourish extending to the right.

H J Ziman - Chair

Cheshire Academies Trust

Governance Statement for the Year Ended 31st August 2017

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Cheshire Academies Trust has an effective and appropriate system of controls, 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 D Wearing (Trustee and Principal of Kelsall Primary School) as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the various funding agreements between Kelsall Primary School, Boughton Heath Academy, Mill View Primary School, the Cheshire Leadership and Teaching Alliance and the Secretary of State for Education.

In practice, much of this financial responsibility is itself delegated on day-to-day basis to the Trust's Director of Operations who, together with the Accounting Officer is responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has met formally five times during the year (2016: four).

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
H J Ziman (Chair)	5	5
J M Lucy	4	5
A Brennan (appointed 20.1.17)	2	2
M Huber (appointed 20.1.17)	2	2
G Hunt	3	5
J Moorhouse	1	5
S Walters	2	5
D Wearing (Principal & Accounting Officer)	5	5
S M Ellis (Principal)	5	5
R Ford (Principal) (appointed 20.9.16)	5	5

Review of Value for Money

As Accounting Officer, the Principal of Kelsall Primary School, has responsibility for ensuring that the 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.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Developing opportunities to share teaching and learning resources across the Trust along with common leadership approaches to improve educational outcomes for all groups of pupils in the Trust;
- Regularly reviewing and challenging performance and processes to ensure they focus on raising standards and improving outcomes; and
- Maximising the income generation opportunities afforded to us as a MAT.

Governance Statement
for the Year Ended 31st August 2017

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk down to a reasonable level, rather than to eliminate all risks of failure to achieve policies, aims and objectives. It can, therefore, only provide a reasonable and not an absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's 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 Cheshire Academies Trust throughout the financial year and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 academy trust's significant risks that has been in place for the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

Cheshire Academies 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 Local Governing Bodies' Resources Committees of reports monitoring financial performance against forecasts and of major purchase plans, capital works and expenditure programmes for individual academies;
- 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 have decided not to appoint an internal auditor. Individual academies are, however, required to appoint an appropriately qualified local governor (or other suitable person) to carry out a programme of internal checks.

The reports of their visits are reported at Local Governing Body level and are reviewed by the Director of Operations, who the Board has appointed to oversee the internal audit function.

In 2016-17 the following checks were carried out

- testing of payroll systems, process and recording;
- testing of management and recording of catering income;
- testing of management and recording of out of hours income.

No material control issues arose from undertaking the checks and all were carried out within the agreed timeframe.

Cheshire Academies Trust

Governance Statement for the Year Ended 31st August 2017

The Risk and Control Framework

On an annual basis, the Director of Operations also reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

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

- the work of the internal reviewer;
- the work of the external auditor;
- 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 and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 6th December 2017 and signed on its behalf by:



H J Ziman - Chair



D Wearing - Accounting Officer

Cheshire Academies Trust

Statement on Regularity, Propriety and Compliance
for the Year Ended 31st August 2017

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

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

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

D. Wearing

D Wearing - Accounting Officer

6th December 2017

Cheshire Academies Trust

Statement of Trustees Responsibilities for the Year Ended 31st August 2017

The trustees (who act as governors of Cheshire Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 academy trust and of the incoming resources and application of resources, including the income and expenditure, of the academy trust for that period. In preparing those 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 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy trust 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 academy trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

In so far as the trustees are aware:

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

Approved by order of the members of the board of trustees on 6th December 2017 and signed on its behalf by:



H J Ziman - Chair

Report of the Independent Auditors to the Members of
Cheshire Academies Trust

Opinion

We have audited the financial statements of Cheshire Academies Trust (the 'academy trust') for the year ended 31st August 2017 on pages twenty four to fifty two. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

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 2006. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31st 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- 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 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 Auditors 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Report of the Independent Auditors to the Members of
Cheshire Academies Trust

Other information

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Report of the Trustees.

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.

Responsibilities of trustees

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

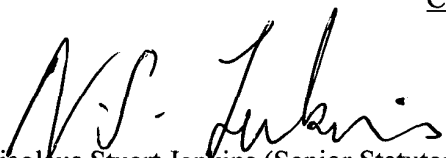
In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the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

Our responsibilities for the audit of the financial statements

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

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

Report of the Independent Auditors to the Members of
Cheshire Academies Trust



Mr Nicolaus Stuart Jenkins (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Date: 6th December 2017

Independent Reporting Accountant's Assurance Report on Regularity to
Cheshire Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement 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 Cheshire Academies Trust during the period 1st September 2016 to 31st 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 Cheshire Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cheshire Academies Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cheshire Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cheshire Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Cheshire Academies Trust's funding agreement with the Secretary of State for Education 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 1st September 2016 to 31st August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

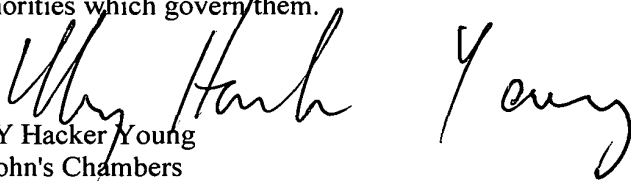
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

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

Independent Reporting Accountant's Assurance Report on Regularity to
Cheshire Academies Trust and the Education and Skills Funding Agency

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 1st September 2016 to 31st August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Hacker Young
St John's Chambers
Love Street
Chester
Cheshire
CH1 1QN

Date: 6th December 2017

Cheshire Academies Trust

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2017

		Unrestricted funds £	Restricted funds £	Fixed Asset Fund £	31.8.17 Total funds £	31.8.16 Total funds £
	Notes					
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	30,879	-	197,249	228,128	374,687
Charitable activities						
Funding for the academy's educational operations	3	285,619	2,866,558	-	3,152,177	3,053,258
Other trading activities	4	16,597	-	-	16,597	53,461
Other Income	5	<u>943</u>	<u>-</u>	<u>-</u>	<u>943</u>	<u>795</u>
Total		334,038	2,866,558	197,249	3,397,845	3,482,201
 EXPENDITURE ON						
Charitable activities						
Academy's educational operations		<u>155,628</u>	<u>2,917,598</u>	<u>102,323</u>	<u>3,175,549</u>	<u>3,029,447</u>
 NET INCOME/(EXPENDITURE)						
		178,410	(51,040)	94,926	222,296	452,754
Transfers between funds	19	<u>-</u>	<u>156,988</u>	<u>(156,988)</u>	<u>-</u>	<u>-</u>
 Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>494,000</u>	<u>-</u>	<u>494,000</u>	<u>(423,000)</u>
Net movement in funds		178,410	599,948	(62,062)	716,296	29,754
 RECONCILIATION OF FUNDS						
Total funds brought forward		331,891	(818,304)	5,616,512	5,130,099	5,100,345
TOTAL FUNDS CARRIED FORWARD		<u>510,301</u>	<u>(218,356)</u>	<u>5,554,450</u>	<u>5,846,395</u>	<u>5,130,099</u>

The notes form part of these financial statements

Cheshire Academies Trust

Balance Sheet
At 31st August 2017

		Unrestricted funds £	Restricted funds £	Fixed Asset Fund £	31.8.17 Total funds £	31.8.16 Total funds £
	Notes					
FIXED ASSETS						
Tangible assets	15	-	-	5,554,450	5,554,450	5,372,849
CURRENT ASSETS						
Debtors	16	1,464	138,453	-	139,917	122,964
Cash at bank		<u>508,837</u>	<u>639,390</u>	<u>-</u>	<u>1,148,227</u>	<u>1,061,419</u>
		510,301	777,843	-	1,288,144	1,184,383
CREDITORS						
Amounts falling due within one year	17	-	(271,199)	-	(271,199)	(333,133)
NET CURRENT ASSETS		<u>510,301</u>	<u>506,644</u>	<u>-</u>	<u>1,016,945</u>	<u>851,250</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		510,301	506,644	5,554,450	6,571,395	6,224,099
PENSION LIABILITY	20	-	(725,000)	-	(725,000)	(1,094,000)
NET ASSETS		<u>510,301</u>	<u>(218,356)</u>	<u>5,554,450</u>	<u>5,846,395</u>	<u>5,130,099</u>
FUNDS	19					
Unrestricted funds:						
General fund					344,401	165,991
Designated Fund					<u>165,900</u>	<u>165,900</u>
					510,301	331,891
Restricted funds:						
Fixed Asset Fund					5,554,450	5,616,512
Pension Reserve					(725,000)	(1,094,000)
Restricted Fund					<u>506,644</u>	<u>275,696</u>
					<u>5,336,094</u>	<u>4,798,208</u>
TOTAL FUNDS					<u>5,846,395</u>	<u>5,130,099</u>

The notes form part of these financial statements

Cheshire Academies Trust

Balance Sheet - continued
At 31st August 2017

The financial statements were approved by the Board of Trustees on 6th December 2017 and were signed on its behalf by:



H J Ziman -Chair



D Wearing -Principal & Accounting Officer

The notes form part of these financial statements

Cheshire Academies Trust

Cash Flow Statement
for the Year Ended 31st August 2017

	Notes	31.8.17 £	31.8.16 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>172,540</u>	<u>261,221</u>
Net cash provided by (used in) operating activities		<u>172,540</u>	<u>261,221</u>
 Cash flows from investing activities:			
Purchase of tangible fixed assets		(283,924)	(168,530)
Capital grants from DfE/ESFA		197,249	361,699
Interest received		<u>943</u>	<u>795</u>
Net cash provided by (used in) investing activities		<u>(85,732)</u>	<u>193,964</u>
 Change in cash and cash equivalents in the reporting period		 86,808	 455,185
Cash and cash equivalents at the beginning of the reporting period		<u>1,061,419</u>	<u>606,234</u>
 Cash and cash equivalents at the end of the reporting period		<u><u>1,148,227</u></u>	<u><u>1,061,419</u></u>

The notes form part of these financial statements

Cheshire Academies Trust

Notes to the Cash Flow Statement
for the Year Ended 31st August 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.17	31.8.16
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	222,296	452,754
Adjustments for:		
Depreciation	102,323	94,112
Capital grants from DfE/ESFA	(197,249)	(361,699)
Interest received	(943)	(795)
Increase in debtors	(16,953)	(72,942)
(Decrease)/increase in creditors	(61,934)	96,791
Difference between pension charge and cash contributions	<u>125,000</u>	<u>53,000</u>
Net cash provided by (used in) operating activities	<u>172,540</u>	<u>261,221</u>

Notes to the Financial Statements
for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Cheshire Academies Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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 an 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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 it is probable that the income will be received and the amount can be measured reliably.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES - continued

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.

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 to the head office function of this MAT. These are funded by a termly levy upon each of the four operating entities (Note 14). All assets are assigned exclusively to one of the four operating academies or to the head office function and depreciation charges allocated accordingly.

All resources expended are inclusive of any irrecoverable VAT.

Allocation of costs

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.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Long leasehold	- Straight line over 125 years
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

Assets costing £500 or more (or £250 if IT equipment), unless purchased in bulk as part of a capital project are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with the unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Assets in the course of construction are included at cost. Depreciation on these asset 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.

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 as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in their respective notes. 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.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES - continued

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 part 11, chapter 3 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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the academy trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leased assets

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement 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.

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 costs 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 the Pension and Similar Obligations note, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES - continued

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

Critical accounting estimates and areas of judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future event 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 the assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any change in these assumptions, which are disclosed in the Pension and Similar Obligations note, 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 31st 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.

There are no other material critical areas of judgement.

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted	Restricted	31.8.17 Total	31.8.16 Total
	funds	funds	funds	funds
	£	£	£	£
Donations	30,879	-	30,879	12,988
Grants	-	197,249	197,249	361,699
	<u>30,879</u>	<u>197,249</u>	<u>228,128</u>	<u>374,687</u>

Grants received, included in the above, are as follows:

	31.8.17 £	31.8.16 £
Condition Improvement Fund	178,308	342,623
Devolved Formula Capital	<u>18,941</u>	<u>19,076</u>
	<u>197,249</u>	<u>361,699</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted	Restricted	31.8.17 Total	31.8.16 Total
	funds	funds	funds	funds
	£	£	£	£
Grants	-	2,733,827	2,733,827	2,741,389
Catering income	86,208	105,755	191,963	156,854
School trips	18,375	-	18,375	18,987
Residential	59,403	-	59,403	57,486
Consultancy fees	5,593	-	5,593	4,345
Miscellaneous income	16,423	-	16,423	17,446
Lottery funding	-	-	-	26,750
Teaching school course fees	46,345	-	46,345	30,001
After school club	53,272	-	53,272	-
Reimbursement income	-	26,976	26,976	-
	<u>285,619</u>	<u>2,866,558</u>	<u>3,152,177</u>	<u>3,053,258</u>

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	31.8.17 Total funds £	31.8.16 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	2,303,654	2,303,654	2,336,790
ITT (Schools Direct)	-	64,012	64,012	87,680
Teaching schools	-	70,000	70,000	65,150
SEN Funding	-	60,028	60,028	30,025
Pupil Premium	-	82,094	82,094	85,874
Other grants	-	97,736	97,736	26,705
	-	2,677,524	2,677,524	2,632,224
Other government grant				
Other grants	-	49,698	49,698	11,877
Section 106 funding	-	-	-	97,288
Rates Relief	-	6,606	6,606	-
	-	56,304	56,304	109,165
	-	2,733,828	2,733,828	2,741,389

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.17 Total funds £	31.8.16 Total funds £
Hire of facilities	15,599	-	15,599	2,964
After school club	-	-	-	50,461
Miscellaneous income	998	-	998	36
	16,597	-	16,597	53,461

5. OTHER INCOME

	Unrestricted funds £	Restricted funds £	31.8.17 Total funds £	31.8.16 Total funds £
Deposit account interest	943	-	943	795

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

6. EXPENDITURE

				31.8.17	31.8.16
	Staff costs	Non-pay expenditure			
	£	Premises	Other costs	Total	Total
	£	£	£	£	£
Charitable activities					
Academies educational operations					
Direct costs	1,809,168	-	367,760	2,176,928	1,939,544
Allocated support costs	<u>511,867</u>	<u>195,305</u>	<u>291,449</u>	<u>998,621</u>	<u>1,089,903</u>
	<u>2,321,035</u>	<u>195,305</u>	<u>659,209</u>	<u>3,175,549</u>	<u>3,029,447</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.17	31.8.16
	£	£
Depreciation - owned assets	102,323	94,112
Other operating leases	<u>3,003</u>	<u>7,945</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.17 Total funds	31.8.16 Total funds
	£	£	£	£
Direct costs	150,236	2,026,692	2,176,928	1,939,544
Support costs	<u>5,392</u>	<u>993,229</u>	<u>998,621</u>	<u>1,089,903</u>
	<u>155,628</u>	<u>3,019,921</u>	<u>3,175,549</u>	<u>3,029,447</u>

	31.8.17 Total	31.8.16 Total
	£	£
Analysis of support costs		
Support staff costs	511,867	489,355
Depreciation	20,206	17,109
Technology costs	3,722	24,162
Premises costs	195,305	211,868
Other support costs	252,551	288,383
Governance costs	<u>14,970</u>	<u>10,950</u>
Total support costs	<u>998,621</u>	<u>1,041,827</u>

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31.8.17	31.8.16
	Total	Total
	£	£

8. AUDITORS' REMUNERATION

	31.8.17	31.8.16
	£	£
Fees payable to the charity's auditors for the audit of the charity's financial statements	7,500	8,975
Auditors' remuneration for non-audit work	<u>7,470</u>	<u>1,975</u>

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

9. TRUSTEES' REMUNERATION AND BENEFITS

The following trustees have been paid remuneration, or have received other benefits from an employment with the academy trust. The staff trustees acting as principals only receive remuneration in respect of services they provide undertaking the principal roles for which they have a contract of employment. They are not paid for their services as trustees by the Trust.

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

Mr D A Wearing (Principal of Kelsall Primary School, Director of CLTA, Accounting Officer and trustee):

Remuneration: £60,000 - £65,000 (2016: £60,000 - £65,000)

Employer's pension contributions paid: £10,000 - £15,000 (2016: £10,000 - £15,000)

Mr S M Ellis (Principal of Boughton Heath Primary School and trustee):

Remuneration: £60,000 - £65,000 (2016: £60,000 - £65,000)

Employer's pension contributions paid: £10,000 - £15,000 (2016: £10,000 - £15,000)

Mr R Ford (Principal of Mill View Primary School and trustee):

Remuneration: £55,000 - £60,000 (2015: £Nil)

Employer's pension contributions paid: £5,000 - £10,000 (2016: £Nil)

Mrs S L Walters (Principal of Mill View Primary School in the previous financial year and now a non-staff trustee) was employed by the trust until 5 September 2017:

Remuneration: £Nil to £1,000 (2016: £60,000 - £65,000)

Employer's pension contributions paid: £Nil to £1,000 (2016: £10,000 - £15,000)

Mr R Ford was appointed principal at the start of the financial year and joined the Board of Trustees on 20 September 2016. Prior to his appointment, Mr Ford had worked at the school in the previous financial year, but as he was not a trustee at any point in the previous financial year, there are no comparatives to disclose.

Trustees' expenses

During the year ended 31 August 2017, travel and subsistence expenses totalling £465 were reimbursed or paid directly to 1 trustee (2016: £665 to 2 trustees).

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

10. STAFF COSTS

	31.8.17	31.8.16
	£	£
Wages and salaries	1,842,045	1,673,842
Social security costs	144,227	115,633
Operating costs of defined benefit pension schemes	<u>308,780</u>	<u>288,768</u>
	2,295,052	2,078,243
Supply teacher costs	<u>25,983</u>	<u>26,435</u>
	<u><u>2,321,035</u></u>	<u><u>2,104,678</u></u>

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	31.8.17	31.8.16
Teachers	30	32
Education support	66	58
Clerical and administration	8	9
Management	<u>8</u>	<u>8</u>
	<u><u>112</u></u>	<u><u>107</u></u>

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

	31.8.17	31.8.16
£60,001 - £70,000	<u><u>2</u></u>	<u><u>3</u></u>

The average number of people employed on a full-time equivalent basis (including senior management team) by the academy trust during the year was as follows:

	31.8.17	31.8.16
Teachers	24	22
Education support	24	21
Clerical and administration	6	6
Management	<u>7</u>	<u>8</u>
	<u><u>61</u></u>	<u><u>57</u></u>

11. EX GRATIA PAYMENTS

During the year, one employee received an ex gratia payment in lieu of notice (2016: Nil). This payment totalled £7,060.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - AT 31 AUGUST 2016

	Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	6,255	6,733	361,699	374,687
Charitable activities				
Funding for the academy's educational operations	276,737	2,776,521	-	3,053,258
Other trading activities	53,463	(2)	-	53,461
Other Income	<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>
Total	337,250	2,783,252	361,699	3,482,201
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	<u>152,486</u>	<u>2,782,849</u>	<u>94,112</u>	<u>3,029,447</u>
NET INCOME/(EXPENDITURE)	184,764	403	267,587	452,754
Transfers between funds	<u>-</u>	<u>(36,286)</u>	<u>36,286</u>	<u>-</u>
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>(423,000)</u>	<u>-</u>	<u>(423,000)</u>
Net movement in funds	184,764	(458,883)	303,873	29,754
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>147,127</u>	<u>(359,421)</u>	<u>5,312,639</u>	<u>5,100,345</u>
TOTAL FUNDS CARRIED FORWARD	<u>331,891</u>	<u>(818,304)</u>	<u>5,616,512</u>	<u>5,130,099</u>

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

14. CENTRAL SERVICES

The academy trust's core services element has provided the following services to its member entities/academies during the year;

- Human resources oversight;
- Financial, budgetary and accounting services; and
- Various educational support and administrative services

CAT's policy has always been for charges upon member entities/academies to be levied each teaching term upon a basis designed solely to cover the estimated costs of the core services provided.

The basis used to implement this policy changed for the year-ended 31 August 2017.

In 2016, the charge levied had been split equally between the three academies and CLTA. Upon consideration, this basis was deemed unfair to the CLTA. Each academy is now charged an equal percentage of its general EFSA income [i.e. the amount paid is effectively linked to its pupil numbers and complexity], with the remaining estimated costs being assigned as a charge to the CLTA.

Accordingly, the various elements of the Trust were charged the following for central services;

	2017 £	2016 £
Kelsall Primary School	32,715	16,114
Boughton Heath Primary School	33,990	16,114
Mill View Primary School	34,950	16,114
CLTA	<u>16,941</u>	<u>16,114</u>
	<u>118,596</u>	<u>64,556</u>

Transactions wholly internal to CAT are recharged (where the expense was incurred by one element of the Trust on behalf of another) at cost. It is also noted that the CLTA occupies part of the Kelsall Primary School site and that Kelsall is compensated directly by the CLTA via an annual rent charge to the CLTA of £13,224.

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

15. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st September 2016	5,497,711	88,728	500	12,239	5,599,178
Additions	<u>256,133</u>	<u>5,393</u>	<u>-</u>	<u>22,398</u>	<u>283,924</u>
At 31st August 2017	<u>5,753,844</u>	<u>94,121</u>	<u>500</u>	<u>34,637</u>	<u>5,883,102</u>
DEPRECIATION					
At 1st September 2016	196,739	22,197	83	7,310	226,329
Charge for year	<u>82,117</u>	<u>16,321</u>	<u>125</u>	<u>3,760</u>	<u>102,323</u>
At 31st August 2017	<u>278,856</u>	<u>38,518</u>	<u>208</u>	<u>11,070</u>	<u>328,652</u>
NET BOOK VALUE					
At 31st August 2017	<u>5,474,988</u>	<u>55,603</u>	<u>292</u>	<u>23,567</u>	<u>5,554,450</u>
At 31st August 2016	<u>5,300,972</u>	<u>66,531</u>	<u>417</u>	<u>4,929</u>	<u>5,372,849</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.17	31.8.16
	£	£
Trade debtors	60,581	14,890
VAT debtor	31,177	60,289
Prepayments and accrued income	<u>48,159</u>	<u>47,785</u>
	<u>139,917</u>	<u>122,964</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.17	31.8.16
	£	£
Trade creditors	161,849	166,349
Social security and other taxes	36,304	69,429
Other creditors	53,829	5,455
Accruals and deferred income	<u>19,217</u>	<u>91,900</u>
	<u>271,199</u>	<u>333,133</u>

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

18. 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 required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

19. MOVEMENT IN FUNDS

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.17 £
Unrestricted funds				
General fund	331,891	178,410	(165,900)	344,401
Designated Fund	-	-	165,900	165,900
	331,891	178,410	-	510,301
Restricted funds				
Fixed Asset Fund	5,616,512	94,926	(156,988)	5,554,450
Pension Reserve	-	369,000	(1,094,000)	(725,000)
Restricted Fund	(818,304)	-	1,324,947	506,644
General Annual Grant (GAG)	-	71,960	(71,960)	-
Other Grants	-	2,000	(2,000)	-
	4,798,208	537,886	-	5,336,094
TOTAL FUNDS	<u>5,130,099</u>	<u>716,296</u>	<u>-</u>	<u>5,846,395</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	334,038	(155,628)	-	178,410
Restricted funds				
Fixed Asset Fund	197,249	(102,323)	-	94,926
Restricted Fund	-	-	-	-
Pupil Premium	82,093	(82,093)	-	-
General Annual Grant (GAG)	2,436,385	(2,364,425)	-	71,960
Other Grants	348,080	(346,080)	-	2,000
Pension Reserve	-	(125,000)	494,000	369,000
	3,063,807	(3,019,921)	494,000	537,886
TOTAL FUNDS	<u>3,397,845</u>	<u>(3,175,549)</u>	<u>494,000</u>	<u>716,296</u>

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

19. MOVEMENT IN FUNDS - continued

Fund Balances at year-end were allocated between the academies, the CLTA and the stand-alone CAT core services element as follows:

	31.8.17 £	31.8.16 £
Kelsall Primary School	404,599	317,020
Boughton Heath Primary School	196,727	41,542
Mill View Primary School	157,515	45,692
CLTA	144,902	173,648
CAT	113,202	29,685
Total before Fixed Asset Fund & Pension reserve	1,016,945	607,587
Restricted fixed asset fund	5,554,450	5,616,512
Pension reserve	<u>(725,000)</u>	<u>(1,094,000)</u>
	<u>5,846,395</u>	<u>5,130,099</u>

20. PENSION AND SIMILAR OBLIGATIONS

The academy trust 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. The LGPS is managed by Chester West and Chester Council (CWAC). Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were £24,270 (2016: Nil) in TPS Contributions and £13,712 (2016: Nil) in LGPS Contributions outstanding at the end of the financial year.

Teachers' pension scheme

Introduction

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

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

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

20. PENSION AND SIMILAR OBLIGATIONS
- continued

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to TPS in the period amounted to £179,453 (2016: £173,733).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £162,269 (2016: £148,060), of which employer's contributions totalled £129,327 (2016: £117,000) and employees' contributions totalled £32,942 (2016: £22,000). The agreed contribution rates for future years are 26.8% for employers and 5.5% to 12.5% for employees.

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

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

20. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
	£	£
Present value of funded obligations	(2,040,000)	(2,097,000)
Fair value of plan assets	<u>1,315,000</u>	<u>1,003,000</u>
	<u>(725,000)</u>	<u>(1,094,000)</u>
Deficit	<u>(725,000)</u>	<u>(1,094,000)</u>
Liability	<u>(725,000)</u>	<u>(1,094,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
	£	£
Current service cost	230,000	146,000
Net interest from net defined benefit asset/liability	<u>(86,000)</u>	<u>(68,000)</u>
	<u>144,000</u>	<u>78,000</u>
Actual return on plan assets	<u>132,000</u>	<u>121,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

20. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
	£	£
Defined benefit obligation	2,097,000	1,323,000
Current service cost	230,000	146,000
Contributions by scheme participants	33,000	32,000
Interest cost	46,000	53,000
Actuarial losses/(gains)	(362,000)	544,000
Benefits paid	(4,000)	(1,000)
	<u>2,040,000</u>	<u>2,097,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
	£	£
Fair value of scheme assets	1,003,000	705,000
Assets interest income	22,000	29,000
Contributions by employer	129,000	117,000
Contributions by scheme participants	33,000	32,000
Expected return	132,000	121,000
Benefits paid	(4,000)	(1,000)
	<u>1,315,000</u>	<u>1,003,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
	£	£
Actuarial gains/(losses)	<u>494,000</u>	<u>(423,000)</u>
	<u>494,000</u>	<u>(423,000)</u>

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

20. PENSION AND SIMILAR OBLIGATIONS
- continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
Equities	50%	53%
Bonds	41%	39%
Property	7%	7%
Cash	2%	1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.17	31.8.16
Discount rate	2.5%	2%
Future salary increases	2.7%	3.1%
Future pension increases	2.4%	2.1%

The current mortality assumptions include sufficient allowance for future improvement in mortality rates.

The assumed life expectations on retirement age 65 are:

	31.8.2017	31.8.2016
Retiring today		
Males	22.3	22.3
Females	24.5	24.4
Retiring in 20 years		
Males	23.9	24.1
Females	26.5	26.7

21. CONTINGENT LIABILITIES

There remains an unquantifiable contingent liability in respect of a legal dispute concerning an allegation of nuisance made by a neighbour of the Mill View Primary School. During the financial year, the trust upheld its case in court that no such nuisance existed. There is still, however, an opportunity for the claimant to appeal this decision.

Further details of this matter can be found in the Report of the Trustees for the year.

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

22. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the fact that trustees are often drawn from other local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest.

All transactions involving such organisations are conducted at arm's length and in full accordance with CAT's financial regulations and standard procurement procedures.

Remuneration of employee trustees is disclosed in Note 9.

The following related party transactions took place in the period:

	2017	2016	2017	2016
	Income	Income	Expense	Expense
	£	£	£	£
A Brennan				
Children at Trust School	-	-	-	-
Cheshire East Council				
Telephone charges	-	-	-	117
Licences	-	-	-	110
CWAC Association of Governing Bodies				
Subscription	-	-	35	100
H J Ziman				
Expense claims	-	-	420	-
Consulting Charges re. Grange Primary School - PHS Consulting Limited	-	-	840	-
Consulting provided without charge	-	-	-	-
Hebden Green School				
Course Fees	750	-	-	-
Isobel Ford				
Early Years Support teaching	-	-	230	-
National Governors' Association				
Subscription	-	-	-	260
Queen's Park High School				
Course Fees	-	-	-	1,200
Tarporley High School				
Residential trips (inc. Arts weekend)	1,920	2,520	-	3,304
Provision of Physical Education	-	-	1,120	1,094

Cheshire Academies Trust

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

22. RELATED PARTY DISCLOSURES

Additional Costs billed	-	-	102	-
Unilever plc				
Provision of training days without charge	-	-	-	-
Upton Heath Church of England Primary School				
Course Fees	<u>330</u>	<u>530</u>	<u>-</u>	<u>-</u>

Dr H J Ziman is both a Member and a Trustee of CAT. Dr Ziman, who is also the Chairman of the Trust, had the following related party connections with the above entities/persons (aside from himself) in the current and previous periods:

- Cheshire East Council - Chairman of Interim Executive Board of Oakfield Lodge Pupil Referral Unit
- Cheshire West and Chester Council Association of Governing Bodies - Vice-Chairman & Executive Member
- PHS Consulting Limited - Director and sole shareholder
- Tarporley High School - Director and Member
- Upton Heath Church of England Primary School - Chairman of the Governors

Dr Ziman was employed as an appropriately qualified expert consultant through his consulting company, PHS Consulting Limited, to perform an external review of governance at the Grange School in Winsford, Cheshire, on behalf of the CLTA. His fees were consistent with those levied by him to perform similar tasks with unconnected trusts and schools and fall below the de minimus threshold above which he would only be allowed, as a trustee, to provide such services at cost.

In addition to the above, Dr Ziman undertook professional services on behalf of the trust for which no charge was levied. The estimated costs of these donated services amount to £1,650.

J M Lucy is a Member and a Trustee of CAT. She also serves as the Vice-Chairman of the Trust and has the following related party connections with the above entities/persons in the current and previous periods:

- Unilever plc - Employee

D Wearing (Trustee, Accounting Officer and Principal) had the following related party connections with the above entities/persons (aside from himself) in the current and previous periods:

- Upton Heath Church of England Primary School - Trustee

R Ford is a Trustee of CAT appointed in the year. He has the following related party connections with the above entities/persons in the current period:

- Mrs Isobel Ford - Wife

Notes to the Financial Statements - continued
for the Year Ended 31st August 2017

22. RELATED PARTY DISCLOSURES

S M Ellis (Trustee and Principal) had the following related party connections with the above entities/persons (aside from himself) in the current and previous periods:

- The Grange, Runcorn - Governor

L Watterson served as both a Trustee and a Member until 28 June 2016. Miss Watterson had the following related party connections:

- Queen's Park High School - Headteacher

As she was not a trustee at any point in the current year, the academy trust's transactions with Queen's Park High School in the year ended 31 August 2017 are not disclosed in the table above. However, they totalled £2,100 in Course fees in the year.

23. ULTIMATE CONTROLLING PARTY

The academy trust is controlled by its members.