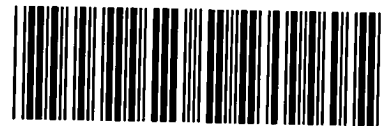


REGISTERED COMPANY NUMBER: 08108086 (England and Wales)

Report of the Trustees and
Financial Statements for the Year Ended 31 August 2018
for
Cheshire Academies Trust

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

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COMPANIES HOUSE

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for the Year Ended 31 August 2018

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Cheshire Academies Trust

Reference and Administrative Details
for the Year Ended 31 August 2018

MEMBERS

J Moorhouse
H J Ziman
J M Lucy
M M Connolly
G Hunt (resigned 13.3.18)

TRUSTEES

H J Ziman (Chair)
J M Lucy (resigned 6.12.17)
J Moorhouse (resigned 26.6.18)
G Hunt (resigned 13.3.18)
D Wearing (Principal & Accounting Officer)
S M Ellis (Principal)
S Walters (resigned 6.12.18)
R Ford (Principal)
A Brennan
M Huber
J E Harvey (appointed 12.10.18)
A Ashley (appointed 4.5.18)
J Myers (appointed 4.5.18)
J C Sandford (appointed 12.10.18)

SENIOR MANAGEMENT TEAM

L Jones (Director of Operations)
R Ford (Principal (Mill View))
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)

Cheshire Academies Trust

Reference and Administrative Details
for the Year Ended 31 August 2018

AUDITORS

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

SOLICITORS

Browne Jacobson
3 Piccadilly Place
Manchester
M1 3BN

BANKERS

Lloyds Bank plc
8 Foregate Street
Chester
Cheshire
CH1 1XP

Report of the Trustees
for the Year Ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates three primary academies and a teaching school in Cheshire West and Chester. Its academies have a combined pupil capacity of 630 (2017: 630) and had a roll of 643 in the school census on 17 May 2018 (2017: 630).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Trust's object is to advance for the public benefit education for children aged 4-11 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 31 August 2018

OBJECTIVES AND ACTIVITIES

Objectives, Strategies and Activities

The Trust's priorities for the year ending 31 August 2018 were:

Communication and Governance

- To engage an external review of governance to ascertain effectiveness of governance at all levels of the Trust.
- To improve consistency of governance and communication between Trustees and Local Governing Bodies (LGB's) with particular focus on how LGBs are run, their understanding of the Scheme of Delegation and communication and accountability to the Trust.

Lead Personnel: Janet Myers, Rob Ford and Alison Brennan

Financial Sustainability

- To undertake a financial review on the measures taken for various financial decisions which have positively impacted on pupils - e.g. internal catering provisions.

Lead Personnel: Martin Huber and Luci Jones

Accountability

To review accountability and external validation of what work is undertaken as a Trust in relation to pupil outcomes, needs and development. Work undertaken by the Trust has had an impact on pupil outcomes (e.g. through the work of the Lead professionals). Trustees should clearly be able to answer the question 'what is the Trust doing to have a positive impact on pupils?' and be able to evidence this.

Lead Personnel: Susan Walters and Steve Ellis

Growth

- To consider how carefully managed growth will benefit children and staff both within the Trust and incoming schools and plan for growth within the next 12-18 months.

Lead Personnel: Harry Ziman, Maura Connolly and David Wearing

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.

Report of the Trustees
for the Year Ended 31 August 2018

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 2018 this data was as follows (prior year numbers are the second number in each dataset unless stated otherwise):

KPI	National Data %	CAT Trust %	Boughton Heath %	Kelsall Primary %	Mill View Primary %
EY GLD	N/A / 69	76 / 78	77 / 73	77 / 80	73 / 67
Year 1 Phonics	N/A / 81	90 / 87	100 / 100	90 / 80	80 / 83
Year 2 Phonics	N/A / 91	100 / 100	100 / 100	100 / 97	100 / 100

Pupil standards vs. National Comparators (in brackets)

	Standard Exp+/High	Standard Exp+/High	Standard Exp+	Standard High	Standard Exp+	Standard High	Standard Exp+	Standard High
Year 2 Reading	N/a	85 / 29	87 (76)	40 (25)	77 (75)	20 (26)	90 (76)	27 (25)
Year 2 Writing	N/a	79 / 17	83 (70)	10 (16)	80 (70)	30 (16)	73 (70)	10 (16)
Year 2 Maths	N/a	79 / 23	87 (76)	37 (22)	77 (76)	23 (22)	73 (76)	10 (22)
Year 2 Combined	N/a	71 / 10	80	7	70	17	63	7
Year 6 Reading	N/a	89 / 62	91 (75)	40 (28)	97 (71)	50 (25)	80 (75)	20 (28)
Year 6 Writing	N/a	89 / 36	97 (78)	44 (20)	91 (76)	44 (15)	80 (78)	20 (20)
Year 6 Maths	N/a	87 / 28	91 (76)	34 (24)	94 (75)	41 (23)	77 (76)	10 (24)
Year 6 Combined	N/a	80 / 15	88 (64)	19 (10)	88 (64)	19 (10)	63 (34)	7 (10)
Year 6 GP	N/a	87 / 41	88 (78)	46 (34)	97 (77)	47 (31)	77 (78)	30 (34)
KPI	National Data %	CAT Trust %	Boughton Heath %		Kelsall Primary %		Mill View Primary %	
Attendance	95.7 / 96.0	97.4 / 97.2						
Persistent Absence	11.5 / 2.7	1.85 / Nil	97.4 / 97.0		97.1 / 97.2		97.6 / 97.5	
			1.9 / Nil		1.83 / Nil		1.83 / Nil	

There were no Ofsted visits to any academy within CAT during the year-ended 31 August 2018 (2017: No Visits).

Report of the Trustees
for the Year Ended 31 August 2018

STRATEGIC REPORT

Financial review

Financial position

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 2018 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 2018 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 2018 the Trust made two CIF bids on behalf of Boughton Heath Academy but was unsuccessful with both (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 in the past to access funds to increase central capacity to achieve the Board's vision for growth. There were no such awards in the year to 31 August 2018 (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, a National Leader of Education (NLE) in the year ended 31 August 2017. As such, the academy was again awarded a bursary of £6,000 from the National College of Teaching and Learning in the year (2017: £6,000). The grant is to be used in respect of contributions towards NSS/NLE related activities.

During the year Boughton Heath Academy was successful in its application to the MBNA Community Fund for a grant of £29,850 (2017: £Nil). The funds were used for the improvement and replacement of IT equipment.

Mill View Primary School also applied for and was awarded grant funding by the MBNA Community Foundation in the year. The grant of £35,000 (2017: £Nil) was spent on the update and replacement of IT equipment.

In addition, Kelsall Primary School was also successful in an application to the MBNA Community Fund. They received an award of £34,000 (2017: £Nil), which will contribute towards the cost of redesigning the Early Years outdoor area. This project is expected to be completed early in the Autumn term 2018.

Kelsall Primary School also received grant funding of £9,700 (2017: £Nil) from Awards for All in the year to support holiday enrichment clubs.

Report of the Trustees
for the Year Ended 31 August 2018

STRATEGIC REPORT

Financial review

Financial position

In May 2018, Kelsall Primary School submitted an application to the Regional School's Commissioner (RSC) to lower the age range to accommodate a nursery class. This would facilitate the merger of Kelsall Primary School with Kelsall Pre-School and Klub, an outstanding pre-school and out of hours' provision which operates on the Kelsall site.

The application is expected to be reviewed by the RSC's Headteacher Board in February 2019. In the meantime, the school continues to work closely with the pre-school and Klub to support them in providing the best possible opportunities for all children in the community.

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 reduced overall but remain higher than the liability rate at 31 August 2015 at Boughton Heath Academy (20% higher) and Mill View Primary School (30% higher).

At 31 August 2018, the LGPS liabilities reduced further by some 18% at Boughton Heath Academy, 5% at Kelsall Primary School and 14% at Mill View Primary School.

The Trust met its obligations in respect of auto-enrolment for all eligible employees under the Pensions Act 2008. There were no retirements during the year (2017: one at Kelsall). There is no material change to the LGPS membership at any individual academy.

At 31 August 2018, the net book value of fixed assets was £5,636,000 (2017: £5,555,000). Movement in tangible assets is shown in the notes 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 2018, total expenditure of £3,402,000 (2017: £3,173,000) was met by recurrent grant funding from the EFSA together with other incoming resources.

In the year ended 31 August 2018, Mill View Primary School incurred costs totalling £Nil (2017: £5,264) and the Trust incurred costs totalling £Nil (2017: £1,360) in relation to an ongoing court case alleging nuisance brought by a neighbour of the Mill View Primary School. All ongoing costs relating to the action are being met by the Department for Education's Risk Pooling Arrangement (RPA), of which the Trust is a member.

The Trust successfully defended itself in court in July 2017. However, during the current financial year, the claimants successfully gained permission to appeal the judgement. They are expected to exercise that right of appeal and therefore the final outcome of the legal process remains unknown.

Report of the Trustees
for the Year Ended 31 August 2018

STRATEGIC REPORT

Financial review

Financial position

The Trust continues to believe that on the balance of probabilities the appeals process will sustain the existing verdict in its favour. However, the final outcome relating to the verdict in the Trust's favour is, as yet, still uncertain.

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 £109,000 (2017: £108,000). 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 Trust has fallen short of the target at year 4 and the reserves policy has been scheduled for review early in the 2019 financial year.

The Trust's total free reserves as at 31 August 2018 comprised the following;

	2018 £'000	2017 £'000
Unrestricted Funds	485	510
General restricted funds	378	506
Restricted fixed asset funds	5,634	5,555
Pension reserve fund liability	(635)	(725)
	<u>5,862</u>	<u>5,846</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 2018 (2017: None).

Report of the Trustees
for the Year Ended 31 August 2018

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.

Fundraising

The Trust itself investigates non-governmental grant-awarding bodies which may be in a position to assist it in achieving its charitable aims and submits formal applications for such grants. During the year the trust was successful in obtaining £108,550 (2017: £Nil) from such sources. These funds were received from MBNA's national grant programme to assist with IT infrastructure and outdoor learning areas and Awards for All (National Lottery Fund) to support the provision of holiday clubs.

The trust also works with appropriately-constituted PTAs at each of its schools. These solicit donations, primarily from parents, for specific projects, through organising Christmas and summer fairs, school disco's, parent social evenings etc..

No professional Fund-raisers or commercial participators were used to assist any PTA during the year in its activities (2017: None) and no complaints were received by the Trust or any person acting on its behalf about activities by the charity or any person acting on its behalf in fund-raising (2017: None).

The Trust monitors the activities of its PTAs to ensure that both vulnerable people and members of the general public are protected against unreasonable intrusion, unreasonably persistent approaches for soliciting money and undue pressure to make donations.

Report of the Trustees
for the Year Ended 31 August 2018

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 has thus completed and is working through an action plan, devised to consider and implement recommendations following a governance review in January 2018.

As part of this strategic planning, the Board has appointed a Chief Executive Officer to deliver their strategy to strengthen governance at all levels of the Trust and to oversee growth. The Trust believes that careful growth will realise significant benefits for the children and staff in both converting academies and existing Trust academies.

The Trust remains committed to improving standards for all young people in the locality and regards sponsoring additional academies as one of the means by which that 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 six non-Trust local primary schools in the year to 31st August 2018 (2017: 4).

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

Charity 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. The charitable company is known as Cheshire Academies Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details.

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. 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 the notes of the accounts.

Report of the Trustees
for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new 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. In December 2017, two co-opted Trustees resigned their positions; one of whom was and remains a Member. A third Trustee who was also a Member resigned in March from both the Board of Members and the Board of Trustees. A fourth Trustee, who is and remains a Member, resigned as Trustee in June 2018.

Following the initial resignations, CAT instigated a county-wide advertising campaign to recruit new Trustees. Potential Trustees had an initial telephone interview with the Chair. After this, a number of candidates were invited to interviews with members of the Board including the Principals.

Following this process, two new Trustees were appointed. They 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 Body.

The composition of the Board on 31 August 2018 was:

- 1 Trustee who is also a Governor in an individual academy
- 1 Trustee who is Chair of Governors in an individual academy
- 3 Trustees who are also Principals in individual academies within CAT
- 3 Co-opted Trustees
- 2 Trustee Vacancies (vacancies filled in October 2018)

Report of the Trustees
for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The structure of the Trust consists of three levels; the Trustees, Local Governing Boards (LGB's) and the Trust Senior Leadership Team. 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 Trust Development Plan 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 is the Principal of Kelsall Primary School, the Principal of Boughton Heath Academy, the Principal of Mill View Primary School and the Director of Operations. These leaders control the Trust at an executive level and in the case of the Principals at their individual academies. The Principal of Kelsall is also Director of the Cheshire Leadership and Teaching Alliance (CLTA).

The Trust's Senior Leadership Team implements the policies lay down by the Trustees and are accountable to them for the performance of each academy.

In August 2018 the Trust advertised a two-year fixed term, 0.5fte Chief Executive role.

Following a rigorous selection process a Principal from an individual academy was appointed and will take up the post on 1 January 2019. At this time, the individual academy Principal's will all resign their positions as Trustees. The Chief Executive will then lead the Trust Senior Leadership Team and be held accountable by the Board for the performance of the academies.

Responsibility for the individual academies is devolved to each's LGB under the scheme of delegation. Each LGB has a number of committees. Each committee has its own terms of reference detailing the responsibilities discharged to the committee, to the Principal and to the academy Senior Leadership Team. The terms of reference and meeting frequency for each committee are reviewed and approved by the LGB annually.

The Trust stipulates the terms of reference for each academy's Finance Committee and the Trust's Financial Handbook details the Trust/Academy's authorised spending limits.

In February 2018, the Trust appointed a Governance Manager. The purpose of this role is to support the Governing Bodies and the Trust Board in ensuring they are meeting their statutory requirements, to plan and facilitate governance training programmes and to enable simplified communication at all levels of Trust governance.

Induction and training of new 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.

Report of the Trustees
for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management remuneration

The remuneration for academy Principals is decided by LGB's upon a recommendation from the appraisal panel.

The panel includes a representative from the Board of Trustees.

The remuneration for the Director of Operations is decided by the Board of Trustees on the basis of recommendations from the 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 Trustees.

Report of the Trustees
for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

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

Kelsall Primary School was designated as the first Teaching School in the Cheshire West and Chester local authority area in March 2013. Kelsall Primary School thus acts as the lead school of 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;

Initial Teacher Training

Background; TSAs (Teaching School Alliances) are asked to develop opportunities to provide school-led initial teacher training.

12 Associate Teachers (AT's) started the School Direct programme in September 2017. One AT requested an Interruption of Studies in December so did not return in the spring term. The remaining 11 ATs completed the programme successfully.

Trainees were based in one of the CLTA Alliance/Partner schools (8 in total) and receive training provided by Chester University (PGCE Element) and from the CLTA (Professional Training) itself. We select our trainers carefully to ensure that we are providing the best possible course to ATs.

Feedback forms completed by ATs at the end of each training session are scrutinised to allow CLTA to quality-assure its procedures. We outsourced our training to another TSA (Wade Deacon) which enabled us to generate £4,500 in additional revenue to re-invest in CLTA.

8 of the 11 students have already secured positions in schools locally or beyond in a competitive jobs market. The remaining 3 have joined supply agencies and continue to seek employment in a primary school environment.

Continuing professional development and identifying & developing leadership potential

Background; TSAs are asked to offer a range of professional development opportunities for teachers and school support staff, so as to extend their strong learning culture to other schools. These must then build on initial teacher training and induction.

CPD has been a growth area for CLTA over the past year. Revenue from CPD events totalled £23,190 with profit of £10,928 to reinvest in CLTA. We continue to work with the Star Institute, formally known as Tauheedul Trust, to deliver accredited qualifications for leadership.

Supporting other schools

Background; TSAs are asked to lead the co-ordination of school-to-school support, including brokerage of national leaders of education (NLE), specialist leaders of education (SLE) and national leaders of governance (NLG) when required. This usually involves working with a school or academy in challenging circumstances to bring about improvement.

Report of the Trustees
for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

During the year, CLTA supported three Primary schools through School-to-School support funding. Each school was assigned an NLE (National Leader of Education), an LLE (Local Leader of Education) or an SLE (Senior Leader of Education) to work with the SLT to ascertain the package of support from the ring-fenced funding.

One school in particular has shown a vast improvement in teaching and learning across the school: as validated by external support scrutiny before and after CLTA's involvement. The school was in an R.I category but has now achieved a 'good' outcome at a recent Ofsted inspection. Another school in Cheshire East has seen similar improvements due to the work of the assigned NLE and SLEs.

The Local Authority has commissioned 7 SLEs to provide support for 6 schools in Literacy and Maths. A restructuring of the CWAC School improvement team has allowed an increase in this outsourcing. We are able to assist to due to capacity built into leadership at all levels. Following two interview rounds, 4 new SLEs were appointed for literacy and maths.

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. The Board will seek tenders for the provision of audit services over the next three year cycle in Spring 2019.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 7 December 2018 and signed on the board's behalf by:



H J Ziman - Chair

Governance Statement
for the Year Ended 31 August 2018

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 seven times during the year (2017: five).

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)	7	7
J M Lucy (resigned 6.12.17)	-	1
A Brennan	7	7
M Huber	5	7
G Hunt (resigned 13.3.18)	1	4
J Moorhouse (resigned 26.6.18)	1	6
S Walters (resigned 6.12.18)	1	1
D Wearing (Principal & Accounting Officer)	6	7
S M Ellis (Principal)	7	7
R Ford (Principal)	7	7

J Myers and A Ashley (both appointed on 4.5.18) attended 1 and Nil of 2 possible meetings respectively.

A review of governance at all levels of the Trust was undertaken by an external National Leader of Governance in January 2018. The reviewer met individually with Members, Trustees, Governors and the Trust's senior leaders as well as reviewing various agenda, minutes and papers of meetings.

The review noted the many strengths of the Trust and made some twenty-three recommendations for the Board to consider. Many of these recommendations were linked to either the perceived need for the Trust to grow, or concerned the appointment of a Chief Executive Officer to oversee and deliver strategy on behalf of the Board.

Trustees have met on a number of occasions since receiving the outcome of the review. They have agreed which of the recommendations they intend to implement and have drafted an action plan to enable them to achieve this.

Governance Statement
for the Year Ended 31 August 2018

Many of the recommendations were implemented during the year. In September 2018, however, the Board fulfilled a key recommendation with the appointment of a Chief Executive Officer who will be tasked with delivering the remaining recommendations in the action plan.

The Board will conduct a further internal review of governance in 2019, when it is expected that the majority of the outstanding items in the action plan will have been implemented.

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.

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 charitable company 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 charitable company's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 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:

Governance Statement
for the Year Ended 31 August 2018

The Risk and Control Framework

- 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 2017-18 the following checks were carried out

- testing of the expenditure approval process;
- testing of management and recording of income via ParentPay.

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

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:

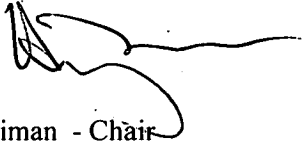
- the work of the internal reviewer;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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.

Cheshire Academies Trust

Governance Statement
for the Year Ended 31 August 2018

Approved by order of the members of the board of trustees on 7 December 2018 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 31 August 2018

As accounting officer of Cheshire Academies Trust I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2017.

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

D. Wearing

D Wearing - Accounting Officer

7 December 2018

Statement of Trustees Responsibilities
for the Year Ended 31 August 2018

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 Academies 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

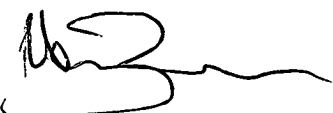
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the members of the board of trustees on 7 December 2018 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 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 2017 to 2018.

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 charitable company 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 charitable company'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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 charitable company 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, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

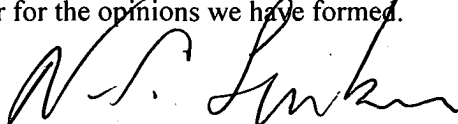
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is 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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

7 December 2018

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 2017 to 2018, 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 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

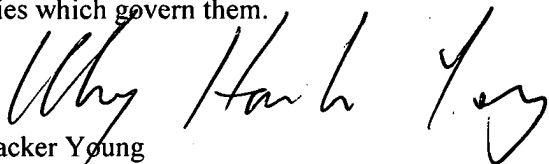
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 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

7 December 2018

Cheshire Academies Trust

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2018

		Unrestricted funds £'000	Restricted funds £'000	Fixed Asset Fund £'000	31.8.18 Total funds £'000	31.8.17 Total funds £'000
	Notes					
INCOME AND						
ENDOWMENTS FROM						
Donations and capital grants	2	7	-	104	111	225
Charitable activities						
Funding for the academy's educational operations	3	-	2,885	-	2,885	3,151
Teaching schools	24	-	199	-	199	-
Other trading activities	4	7	-	-	7	17
Other Income	5	1	-	-	1	1
Total		<u>15</u>	<u>3,084</u>	<u>104</u>	<u>3,203</u>	<u>3,394</u>
EXPENDITURE ON						
Charitable activities						
Academy's educational operations		40	3,058	125	3,223	3,173
Teaching schools	24	-	179	-	179	-
Total	6	<u>40</u>	<u>3,237</u>	<u>125</u>	<u>3,402</u>	<u>3,173</u>
NET						
INCOME/(EXPENDITUR						
E)						
		(25)	(153)	(21)	(199)	221
Transfers between funds	19	<u>-</u>	<u>(101)</u>	<u>101</u>	<u>-</u>	<u>-</u>
Other recognised						
gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	215	-	215	494
Net movement in funds		<u>(25)</u>	<u>(39)</u>	<u>80</u>	<u>16</u>	<u>715</u>

The notes form part of these financial statements

Cheshire Academies Trust

Statement of Financial Activities - continued
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset Fund £'000	31.8.18 Total funds £'000	31.8.17 Total funds £'000
RECONCILIATION OF FUNDS						
Total funds brought forward		510	(218)	5,554	5,846	5,131
TOTAL FUNDS CARRIED FORWARD		<u>485</u>	<u>(257)</u>	<u>5,634</u>	<u>5,862</u>	<u>5,846</u>

The notes form part of these financial statements

Cheshire Academies Trust

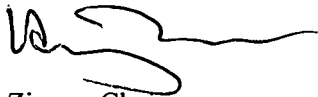
Balance Sheet
At 31 August 2018

	Notes	31.8.18 £'000	31.8.17 £'000
FIXED ASSETS			
Tangible assets	14	5,636	5,555
CURRENT ASSETS			
Debtors	15	89	139
Cash at bank		1,104	1,148
		<u>1,193</u>	<u>1,287</u>
CREDITORS			
Amounts falling due within one year	16	(332)	(271)
		<u>861</u>	<u>1,016</u>
NET CURRENT ASSETS			
		<u>861</u>	<u>1,016</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,497	6,571
PENSION LIABILITY	20	(635)	(725)
		<u>5,862</u>	<u>5,846</u>
NET ASSETS		<u>5,862</u>	<u>5,846</u>
FUNDS	19		
Unrestricted funds		485	510
Restricted funds		5,377	5,336
TOTAL FUNDS		<u>5,862</u>	<u>5,846</u>

The notes form part of these financial statements

Balance Sheet - continued
At 31 August 2018

The financial statements were approved by the Board of Trustees on 7 December 2018 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 31 August 2018

	Notes	31.8.18 £'000	31.8.17 £'000
Cash flows from operating activities:			
Cash generated from operations	1	121	173
Net cash provided by (used in) operating activities		<u>121</u>	<u>173</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(205)	(284)
Capital grants from DfE/ESFA		39	197
Interest received		1	1
Net cash provided by (used in) investing activities		<u>(165)</u>	<u>(86)</u>
Change in cash and cash equivalents in the reporting period		<u>(44)</u>	<u>87</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,148</u>	<u>1,061</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,104</u></u>	<u><u>1,148</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2018

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

	31.8.18 £'000	31.8.17 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(199)	221
Adjustments for:		
Depreciation	125	102
Capital grants from DfE/ESFA	(39)	(197)
Interest received	(1)	(1)
Decrease in debtors	50	15
Increase/(decrease) in creditors	61	(62)
Difference between pension charge and cash contributions	124	95
Net cash provided by (used in) operating activities	<u>121</u>	<u>173</u>

Notes to the Financial Statements
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, 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 2017 to 2018 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 charity 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 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 31 August 2018

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 charity 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. 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.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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 31 August 2018

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 charity. 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.

Hire purchase and leasing commitments

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 31 August 2018

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 31 August 2018

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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There are no other material critical areas of judgement.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted	Restricted	31.8.18	31.8.17
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
Donations	7	-	7	28
Grants	-	104	104	197
	<u>7</u>	<u>104</u>	<u>111</u>	<u>225</u>

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

	31.8.18	31.8.17
	£'000	£'000
Condition Improvement Fund	20	178
Devolved Formula Capital	19	19
MBNA capital grant	65	-
	<u>104</u>	<u>197</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted	Restricted	31.8.18	31.8.17
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
Grants	-	2,606	2,606	2,734
Catering income	-	90	90	192
School trips	-	22	22	18
Residentials	-	73	73	59
Consultancy fees	-	6	6	6
Miscellaneous income	-	10	10	16
Teaching school Non grant	-	-	-	46
After school club	-	57	57	53
Reimbursement income	-	21	21	27
	<u>-</u>	<u>2,885</u>	<u>2,885</u>	<u>3,151</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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

An analysis of grants received is given below:

	Unrestricted	Restricted	31.8.18	31.8.17
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	2,270	2,270	2,304
ITT (Schools Direct)	-	-	-	64
Teaching schools	-	-	-	70
Pupil Premium	-	87	87	82
Other grants	-	166	166	142
	<u>-</u>	<u>2,523</u>	<u>2,523</u>	<u>2,662</u>
Other government grant				
Other grants	-	3	3	5
Rates Relief	-	11	11	7
Local Authority Grants	-	68	68	60
	<u>-</u>	<u>82</u>	<u>82</u>	<u>72</u>
	<u>-</u>	<u>2,605</u>	<u>2,605</u>	<u>2,734</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted	Restricted	31.8.18	31.8.17
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
Hire of facilities	2	-	2	16
School trip income	2	-	2	-
Miscellaneous income	3	-	3	1
	<u>7</u>	<u>-</u>	<u>7</u>	<u>17</u>

5. OTHER INCOME

	Unrestricted	Restricted	31.8.18	31.8.17
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
Deposit account interest	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

6. EXPENDITURE

				31.8.18	31.8.17
	Staff costs	Non-pay expenditure		Total	Total
	£'000	Premises	Other costs	£'000	£'000
		£'000	£'000		
Charitable activities					
Academies educational operations					
Direct costs	1,831	-	417	2,248	2,175
Allocated support costs	513	226	236	975	998
Teaching schools					
Direct costs	32	-	24	56	-
Allocated support costs	28	6	89	123	-
	<u>2,404</u>	<u>232</u>	<u>766</u>	<u>3,402</u>	<u>3,173</u>

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

	31.8.18	31.8.17
	£'000	£'000
Depreciation - owned assets	124	103
Other operating leases	4	3
	<u>128</u>	<u>106</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

			31.8.18	31.8.17
	Unrestricted	Restricted	Total	Total
	funds	funds	funds	funds
	£'000	£'000	£'000	£'000
Direct costs	38	2,210	2,248	2,175
Direct costs - teaching schools	-	56	56	-
Support costs	3	972	975	998
Support costs - teaching schools	-	123	123	-
	<u>41</u>	<u>3,361</u>	<u>3,402</u>	<u>3,173</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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

	31.8.18	31.8.17
	Total	Total
	£'000	£'000
Analysis of support costs		
Support staff costs	541	512
Depreciation	26	20
Technology costs	4	4
Premises costs	232	195
Other support costs	282	252
Governance costs	13	15
Total support costs	<u>1,098</u>	<u>998</u>

8. AUDITORS' REMUNERATION

	31.8.18	31.8.17
	£'000	£'000
Fees payable to the charity's auditors and their associates for the audit of the charity's financial statements	9	8
Auditors' remuneration for non audit work	<u>4</u>	<u>7</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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 (2017: £60,000 - £65,000)

Employer's pension contributions paid: £10,000 - £15,000 (2017: £10,000 - £15,000)

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

Remuneration: £60,000 - £65,000 (2017: £60,000 - £65,000)

Employer's pension contributions paid: £10,000 - £15,000 (2017: £10,000 - £15,000)

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

Remuneration: £55,000 - £60,000 (2017: £55,000 - £60,000)

Employer's pension contributions paid: £10,000 - £15,000 (2017: £5,000 - £10,000)

Mrs S L Walters (Principal of Mill View Primary School in the previous financial year and later a non-staff trustee - resigned 6 December 2017)

Remuneration: £Nil (2017: £Nil £1,000)

Employer's pension contributions paid: £Nil (2017: £Nil to £1,000)

Trustees' expenses

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil were reimbursed or paid directly to no trustees (2017: £465 to 1 trustee).

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

10. STAFF COSTS

	31.8.18	31.8.17
	£'000	£'000
Wages and salaries	1,899	1,842
Social security costs	144	144
Operating costs of defined benefit pension schemes	324	309
	<u>2,367</u>	<u>2,295</u>
Supply teacher costs	37	26
	<u>2,404</u>	<u>2,321</u>

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

	31.8.18	31.8.17
Teachers	28	30
Education support	61	66
Clerical and administration	12	8
Management	8	8
	<u>109</u>	<u>112</u>

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

	31.8.18	31.8.17
£60,001 - £70,000	3	2
	<u>3</u>	<u>2</u>

The key management personnel of the trust comprise the trustees and the senior management team as listed in the Reference and Administrative details. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £308,000 (2017: £301,000)

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:

	31.8.18	31.8.17
Teachers	22	24
Education support	29	24
Clerical and administration	8	6
Management	7	7
	<u>66</u>	<u>61</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

11. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company 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.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset Fund £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	31	(2)	196	225
Charitable activities				
Funding for the academy's educational operations	284	2,867	-	3,151
Other trading activities	17	-	-	17
Other Income	1	-	-	1
Total	333	2,865	196	3,394
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	154	2,917	102	3,173
NET INCOME/(EXPENDITURE)	179	(52)	94	221
Transfers between funds	-	157	(157)	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	494	-	494
Net movement in funds	179	599	(63)	715
RECONCILIATION OF FUNDS				
Total funds brought forward	332	(818)	5,617	5,131
TOTAL FUNDS CARRIED FORWARD	511	(219)	5,554	5,846

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

13. 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.

In both years, each academy was 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;

	2018 £	2017 £
Kelsall Primary School	34,077	32,715
Boughton Heath Primary School	34,575	33,990
Mill View Primary School	34,674	34,950
CLTA	18,039	16,941
	121,365	118,596

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 £16,724 (2017: £13,224).

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

14. TANGIBLE FIXED ASSETS

	Long leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 September 2017	5,754	94	1	35	5,884
Additions	104	66	-	35	205
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2018	5,858	160	1	70	6,089
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION					
At 1 September 2017	279	39	-	11	329
Charge for year	99	11	-	14	124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2018	378	50	-	25	453
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE					
At 31 August 2018	5,480	110	1	45	5,636
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2017	5,475	55	1	24	5,555
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18 £'000	31.8.17 £'000
Trade debtors	9	60
VAT debtor	31	31
Prepayments and accrued income	49	48
	<u> </u>	<u> </u>
	89	139
	<u> </u>	<u> </u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18 £'000	31.8.17 £'000
Trade creditors	103	162
Social security and other taxes	37	36
Other creditors	40	54
Accruals and deferred income	152	19
	<u> </u>	<u> </u>
	332	271
	<u> </u>	<u> </u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

17. MEMBERS' LIABILITY

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Fixed Asset	31.8.18
	funds	funds	Fund	Total
	£'000	£'000	£'000	£'000
Fixed assets	-	-	5,636	5,636
Current assets	484	709	-	1,193
Current liabilities	1	(331)	(2)	(332)
Pension liability	-	(635)	-	(635)
	<u>485</u>	<u>(257)</u>	<u>5,634</u>	<u>5,862</u>

Comparative information in respect of the preceeding period is as follows:

	Unrestricted	Restricted	Fixed Asset	31.8.17
	funds	funds	Fund	Total
			£'000	£'000
Fixed assets	-	-	5,555	5,555
Current assets	510	777	-	1,287
Current liabilities	-	(270)	(1)	(271)
Pension liability	-	(725)	-	(725)
	<u>510</u>	<u>(218)</u>	<u>5,554</u>	<u>5,846</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. MOVEMENT IN FUNDS

	At 1.9.17 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.18 £'000
Unrestricted funds				
General fund	344	(25)	-	319
Designated Fund	166	-	-	166
	<u>510</u>	<u>(25)</u>	<u>-</u>	<u>485</u>
Restricted funds				
Restricted Fund	507	265	(394)	378
General Annual Grant (GAG)	-	(294)	294	-
Other Grants	-	1	(1)	-
Pension Reserve	(725)	90	-	(635)
Fixed Asset Fund	5,554	(21)	101	5,634
	<u>5,336</u>	<u>41</u>	<u>-</u>	<u>5,377</u>
TOTAL FUNDS	<u>5,846</u>	<u>16</u>	<u>-</u>	<u>5,862</u>

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

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	15	(40)	-	(25)
Restricted funds				
Restricted Fund	339	(74)	-	265
Pupil Premium	87	(87)	-	-
General Annual Grant (GAG)	2,290	(2,584)	-	(294)
Other Grants	368	(367)	-	1
Fixed Asset Fund	104	(125)	-	(21)
Pension Reserve	-	(125)	215	90
	<u>3,188</u>	<u>(3,362)</u>	<u>215</u>	<u>41</u>
TOTAL FUNDS	<u>3,203</u>	<u>(3,402)</u>	<u>215</u>	<u>16</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.16 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.17 £'000
Unrestricted Funds				
General fund	332	178	(166)	344
Designated Fund	-	-	166	166
	<u>332</u>	<u>178</u>	<u>-</u>	<u>510</u>
Restricted Funds				
Restricted Fund	276	-	231	507
General Annual Grant (GAG)	-	72	(72)	-
Other Grants	-	2	(2)	-
Pension Reserve	(1,094)	369	-	(725)
Fixed Asset Fund	5,617	94	(157)	5,554
	<u>4,799</u>	<u>537</u>	<u>-</u>	<u>5,336</u>
TOTAL FUNDS	<u>5,131</u>	<u>715</u>	<u>-</u>	<u>5,846</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	333	(155)	-	178
Restricted funds				
Pupil Premium	82	(82)	-	-
General Annual Grant (GAG)	2,435	(2,363)	-	72
Other Grants	348	(346)	-	2
Fixed Asset Fund	196	(102)	-	94
Pension Reserve	-	(125)	494	369
	<u>3,061</u>	<u>(3,018)</u>	<u>494</u>	<u>537</u>
TOTAL FUNDS	<u>3,394</u>	<u>(3,173)</u>	<u>494</u>	<u>715</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.18 £'000
Unrestricted funds				
General fund	332	153	(166)	319
Designated Fund	-	-	166	166
Restricted funds				
Restricted Fund	276	265	(163)	378
General Annual Grant (GAG)	-	(222)	222	-
Other Grants	-	3	(3)	-
Pension Reserve	(1,094)	459	-	(635)
Fixed Asset Fund	5,617	73	(56)	5,634
	<u>4,799</u>	<u>578</u>	<u>-</u>	<u>5,377</u>
TOTAL FUNDS	<u>5,131</u>	<u>731</u>	<u>-</u>	<u>5,862</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	348	(195)	-	153
Restricted funds				
Restricted Fund	339	(74)	-	265
Pupil Premium	169	(169)	-	-
General Annual Grant (GAG)	4,725	(4,947)	-	(222)
Other Grants	716	(713)	-	3
Fixed Asset Fund	300	(227)	-	73
Pension Reserve	-	(250)	709	459
	<u>6,249</u>	<u>(6,380)</u>	<u>709</u>	<u>578</u>
TOTAL FUNDS	<u>6,597</u>	<u>(6,575)</u>	<u>709</u>	<u>731</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. MOVEMENT IN FUNDS - continued

TOTAL COST ANALYSIS BY ACADEMY

Expenditure incurred by each academy during the year was as follows:

	Teaching & educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (exc) depn £'000	31.8.18 Total £'000	31.8.17 Total £'000
Kelsall	651	98	14	175	938	957
Boughton Heath	607	125	27	207	966	957
Mill View	617	171	24	196	1,008	955
CLTA	27	33	-	134	195	163
CAT	1	119	1	49	170	16
Academy Trust	1,903	547	66	761	3,277	3,048

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

	31.8.18 £'000	31.8.17 £'000
Kelsall Primary School	465	405
Boughton Heath Primary School	59	197
Mill View Primary School	131	157
CLTA	129	145
CAT	76	113
Total before Fixed Asset Fund & Pension reserve	861	1,017
Restricted fixed asset fund	5,634	5,554
Pension reserve	(635)	(725)
	5,861	5,846

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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.

Contributions amounting to £39,000 were payable to schemes at 31 August 2018 (2017: £38,000) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 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 31 August 2018

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;
- 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%

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

The employer's pension costs paid to TPS in the period amounted to £180,919 (2017: £179,453).

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 an unfunded multi-employer pension scheme. The academy 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.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS

- continued

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 2018 was £178,000 (2017: £162,000), of which employer's contributions totalled £142,000 (2017: £129,000) and employees' contributions totalled £36,000 (2017: £33,000). 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.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£'000	£'000
Present value of funded obligations	(2,167)	(2,040)
Fair value of plan assets	1,532	1,315
	<u>(635)</u>	<u>(725)</u>
Deficit	<u>(635)</u>	<u>(725)</u>
Liability	<u><u>(635)</u></u>	<u><u>(725)</u></u>

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

	Defined benefit pension plans	
	31.8.18	31.8.17
	£'000	£'000
Current service cost	248	230
Net interest from net defined benefit asset/liability	39	(86)
	<u>287</u>	<u>144</u>
Actual return on plan assets	<u><u>15</u></u>	<u><u>132</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	31.8.18	31.8.17
	£'000	£'000
Defined benefit obligation	2,040	2,097
Current service cost	248	230
Contributions by scheme participants	36	33
Interest cost	54	46
Benefits paid	(11)	(4)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	36
Actuarial (gains)/losses from changes in financial assumptions	(200)	(148)
Oblig other remeasurement	-	(250)
	<u>2,167</u>	<u>2,040</u>

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

	Defined benefit pension plans	
	31.8.18	31.8.17
	£'000	£'000
Fair value of scheme assets	1,315	1,003
Assets interest income	35	22
Contributions by employer	142	129
Contributions by scheme participants	36	33
Expected return	15	132
Benefits paid	(11)	(4)
	<u>1,532</u>	<u>1,315</u>

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

	Defined benefit pension plans	
	31.8.18	31.8.17
	£'000	£'000
Actuarial (gains)/losses from changes in demographic assumptions	-	(36)
Actuarial (gains)/losses from changes in financial assumptions	200	148
Oblig other remeasurement	-	250
	<u>200</u>	<u>362</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	31.8.18	31.8.17
	£'000	£'000
Actuarial (gains)/losses from changes in demographic assumptions	-	(36)
Actuarial (gains)/losses from changes in financial assumptions	200	148
Oblig other remeasurement	-	250
Actuarial gains/(losses)	15	-
	<u>215</u>	<u>362</u>

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

	Defined benefit pension plans	
	31.8.18	31.8.17
Equities	48%	50%
Bonds	43%	41%
Property	8%	7%
Cash	1%	2%

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

	31.8.18	31.8.17
Discount rate	2.8%	2.5%
Future salary increases	2.7%	2.7%
Future pension increases	2.4%	2.4%

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

The assumed life expectations on retirement age 65 are:

	31.8.18	31.8.17
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	23.9	23.9
Females	26.5	26.5

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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 previous financial year, the trust upheld its case in court that no such nuisance existed. The claimant has, however, recently been given leave to appeal the verdict and is deemed likely to do so.

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

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 the notes.

The following related party transactions took place in the period:

	2018 Income £	2017 Income £	2018 Expense £	2017 Expense £
Amasing				
Collection for and payment to charity	460	-	460	-
Insurance fee	-	-	10	-
Resources purchase	-	-	10	-
CWAC Association of Governing Bodies				
Subscription	-	-	-	35
H J Ziman				
NLG Grant awarded re. work	2,000	-	-	-
Expense claims	-	-	-	420
Consulting Charges re. Grange Primary School - PHS Consulting Limited	-	-	-	840
Isobel Ford				
Early Years Support teaching	-	-	-	230
Samara Trust				
Course Fees	170	-	-	-
Tarporley High School				
Residential trips (inc. Arts weekend)	-	1,920	-	-
Provision of Physical Education	-	-	1,053	1,120
Additional Costs billed	-	-	83	102
Upton Heath Church of England Primary School				
Course Fees	450	330	-	-

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

22. RELATED PARTY DISCLOSURES

Dr H J Ziman is a 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
- Hebden Green School - Chairman of the Governors
- PHS Consulting Limited - Director and sole shareholder
- Tarporley High School - Director and Member
- Upton Heath Church of England Primary School - Chairman of the Governors (until its subsumption into the Samara Trust)
- Samara Trust - Chairman and Trustee (Upton Heath Church of England Primary School joined this new MAT upon its foundation as at 1 March 2018)

In 2017, 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.

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 (until its subsumption into the Samara Trust)
- Samara Trust - Trustee (Upton Heath Church of England Primary School joined this new MAT upon its foundation as at 1 March 2018)

R Ford (Trustee and Principal) has the following related party connections with the above entities/persons in the current and previous period:

- Mrs Isobel Ford - Wife (Employee of Trust)

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

23. ULTIMATE CONTROLLING PARTY

The academy trust is controlled by its members.

24. TEACHING SCHOOL TRADING ACCOUNT

		31.8.18 £000	31.8.18 £000	31.8.18 £000
Income				
	Other income		199	
Total income				199
Expenditure				
	Direct costs			
	Direct staff costs	32		
	Other direct costs	24		
	Total direct costs		56	
	Other costs			
	Support staff costs	28		
	Technology costs	1		
	Other support costs	94		
	Share of governance costs	36		
	Total other costs		159	
Total expenditure				(215)
Transfers between funds excluding depreciation				-
Surplus / (deficit) from all sources				(16)
Teaching school balances at 1 September 2017				145
Teaching school balances at 31 August 2018				129

Of the £215,000 expenditure, £36,000 is in relation to the internal governance costs which are eliminated on consolidation. These therefore do not appear on the Statement of Financial Affairs.