

Company Registration No. 08108086 (England and Wales)

**CHESHIRE ACADEMIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# CHESHIRE ACADEMIES TRUST

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# CHESHIRE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

H Ziman  
J Lucy  
M Connolly  
J Moorhouse (appointed 5 December 2018)  
D Haworth (appointed 5 December 2018)

### Trustees

Mrs Alison Ashley  
Mrs Alison Brennan  
Mr Martin Huber  
Mr Robert Hughes (Appointed 5 February 2019)  
Mrs Janet Myers  
Mrs Janet Sandford (Appointed 12 October 2018)  
Dr Harry Ziman (Chair)  
Mr Steven Ellis (Resigned 5 December 2018)  
Mr Robert Ford (Resigned 5 December 2018)  
Miss Joanne Harvey (Appointed 12 October 2018 and resigned 5 February 2019)  
Mr David Wearing (Resigned 5 December 2018)

### Senior management team

|  |                     |
|--|---------------------|
| - Director of Operations                               | Ms Luci Jones       |
| - Acting Principal (Mill View)                         | Mrs Kate Doyle      |
| - Principal (Kelsall)                                  | Mr David Wearing    |
| - Principal (Boughton Heath), CEO & Accounting Officer | Mr Steven Ellis     |
| - Principal (Bexton Primary School)                    | Mrs Emily Armstrong |

### Company registration number

08108086 (England and Wales)

### Principal and registered office

c/o Kelsall Primary School  
Flat Lane  
Kelsall  
Tarporley  
Cheshire  
CW6 0PU

### Independent auditor

Howard Worth  
Drake House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7RA

### Bankers

Lloyds Bank plc  
8 Foregate Street  
Chester  
Cheshire  
CH1 1XP

## CHESHIRE ACADEMIES TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS

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#### **Solicitors**

Browne Jacobson  
3 Piccadilly Place  
Manchester  
M1 3BN

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

For the period 1 September 2018 to 31 July 2019, the Trust operated three primary academies and a teaching school in Cheshire West and Chester. On 1 August 2019 Bexton Primary School in Cheshire East converted to an academy and joined Cheshire Academies Trust. Trust academies have a combined pupil capacity of 1130 and had a roll of 1149 in the school census on 16 May 2019.

#### **Structure, governance and management**

##### Constitution

The academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy Trust. The Trustees of Cheshire Academies Trust (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 on page 3.

##### Members' liability

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

##### Trustees' indemnities

The Trust is a member of the DfE Risk Protection Arrangement which provides cover Members and Trustees from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. Details of the costs can be found in note 13 of the accounts.

##### Method of recruitment and appointment or election of trustees

The Members of Cheshire Academies Trust are responsible for the appointment of the Trustees. There are no ex-officio roles linked to roles in individual academies. In December 2018, at the request of the Regional School Commissioner's office an additional Member was appointed to the Board to bring the total number of Members to five. In advance of the appointment of a Chief Executive Officer on 1 January 2019 it was agreed that the three Principal Trustees would resign their roles. Prior to their resignation the Board recognised the need to recruit new Trustees, ideally with skills in finance and human resources. CAT instigated an advertising campaign to recruit the new Trustees. Potential Trustees had an initial telephone interview with the Chair. After this stage a number of candidates were invited to a face to face interview with members of the Board and a Principal. Following this process two new Trustees were appointed and were provided with relevant information and training regarding the Trust, its individual academies and the role of Trustee. Trustees visited each academy to meet with staff and representatives from the Local Governing Board. The composition on 31 August 2019 was:

- 1 Trustee who was appointed by the Members
- 1 Trustee who resigned as Chair of Governors in an individual academy on 31/08/2019
- 5 Co-opted Trustees
- 2 Trustee Vacancies

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Policies and procedures adopted for the induction and training of trustees

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

#### Organisational structure

The structure of the Trust consists of two levels; the Trustees and Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Chief Executive Officer is the Trust's Accounting Officer.

The Trustees are responsible for setting general policy, adopting a trust vision and strategic 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 Chief Executive Officer and Principal of Boughton Heath Academy, the Trust's Director of Operations, the Principal of Kelsall Primary School, the Principal at Mill View Primary School and the Principal of Bexton Primary School. These leaders control the Trust at an executive level and in the case of the Principals at individual academies, implementing the policies set down by the Trustees and are accountable to them for the performance of each school.

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 took up the post on 1 January 2019. At this time the individual academy Principals all resigned their positions as Trustees. The Chief Executive leads the Trust Senior Leadership Team and is held accountable by the Board for the performance of the academies.

The Trust's Scheme of Delegation, which was revised in January 2019, introduced Board Committees from September 2019. Trustees with relevant skills were appointed to the Standards Committee and Resources Committee. The Resources Committee held a preliminary meeting in July 2019 and both committees will meet termly from September 2019.

Day to day responsibility for the individual academies is devolved to a Local Governing Board (LGB). The Trust's Scheme of Delegation asks each LGB to operate either a flat structure which requires all governors to attend a monthly meeting, or to operate a structure with sub-committees, further delegating the responsibilities of the LGB. 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 Local Governing Board 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.

The Trust appointed a lead professional to develop 'collaboration and creativity' across the Trust for the period 1 September 2018 – 31 August 2019.

## CHESHIRE ACADEMIES TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

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##### Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration for the Chief Executive Officer is decided by the Trust Board on recommendation from the appraisal panel which includes representatives from the Board of Trustees and an external advisor.

The pay and remuneration for academy Principals is decided by the Trust Board on recommendation from the appraisal panel which includes the Chief Executive Officer.

The pay and remuneration for the Director of Operations is decided by the Board of Trustees on recommendation from the appraisal panel which includes the Chief Executive Officer and a representative from the Board of Trustees.

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

##### **Trade union facility time**

###### **Relevant union officials**

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|--------------------------------------|
| 0  | 0 FTE                                |

###### **Percentage of time spent on facility time**

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%                 | 0                   |
| 1%-50%             | 0                   |
| 51%-99%            | 0                   |
| 100%               | 0                   |

###### **Percentage of pay bill spent on facility time**

|  |    |
|--|----|
| Provide the total cost of facility time  | £0 |
| Provide the total pay bill   | £0 |
| Provide the percentage of the total pay bill spent on facility time, calculated as:<br>(total cost of facility time :- total paid facility time hours) x 100 | 0% |

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Related parties and other connected charities and organisations

##### **National Support School – Teaching School – Cheshire Leadership and Teaching Alliance**

Kelsall Primary School was designated as the first Teaching School in Cheshire West and Chester in March 2013. Kelsall Primary School is the Lead school of Cheshire Leadership and Teaching Alliance (CLTA) and is led by David Wearing as its Director. With their alliances of interested schools, Teaching Schools are involved in the delivery of the 'Big Three' namely;

#### **1. Delivery of Initial Teacher Training**

21 Associate Teachers started the School Direct programme in September 2018. One AT asked to defer in June but will complete the programme in September. The remaining 20 ATs completed the programme successfully.

Trainees were based in one of the CLTA Alliance/Partner schools (12 in total) and received training provided by Chester University (PGCE Element) and from CLTA (Professional Training).

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 for quality assurance.

15 of the 20 students have secured positions in schools locally or beyond in a competitive jobs market. The remaining five have joined supply agencies and continue to actively seek employment in a primary school environment.

#### **2. Continuing Professional Development and Leadership Development (CPLD)**

We continue to work with Star Institute to deliver accredited qualifications for leadership.

**NPQML:** 23 participants generating an income of £13,800 and a net profit of £8,053.

**NPQSL:** 21 participants generating an income £13,650 and a net profit of £9,275

CPD has been a growth area for CLTA over the past year. 25 events produced a revenue of £26,715 and a net profit of £15,583 to reinvest in CLTA.

123 Magic Parenting Course. £20,000 funding received in January 2018 to provide training. Two more training sessions were delivered in November 2018 to 18 participants. This brings the total number of courses to four and trainees to 48.

CLTA have been working closely with CWEIB and Ignite TSA to host half termly SENCo Networking Cluster Meetings. This has proven hugely successful with 50/60 attendees per session.

#### **3. School to school support**

The Local Authority has commissioned seven SLEs to provide support for seven schools in Literacy and Maths. A restructure of the CWAC School Improvement team has seen an increase in this outsourcing which we are able to react to due to capacity built in leadership at all levels.

Following two interview rounds, eight new SLEs were appointed for literacy and maths.

A LLE (Local Leader of Education) was also appointed specialising in SEND.

CLTA receives funding from Star Institute for the provision of NPQSL and NPQML courses, from the National College of Teaching and Leadership for support of the Teaching School and School to School Support and from the University of Chester for the provision of Schools Direct places.

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### **Objectives and activities**

##### Objects and aims

The Trust's object is to advance for the public benefit education for children aged 2-11 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 approach to collaboration and creativity, 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 contribute to raising national standards in education through sharing good practice with other schools and teachers across the country; and
- To take a leading role in national initiatives.

#### **Objectives, Strategies and Activities**

The Trust continued to work on its priorities for the year ended 31 August 2019 which were:

##### **Growth**

To consider how carefully planned growth will benefit children and staff both within the Trust and incoming schools.

##### **Communication and Governance**

- To implement the action plan developed following an external review of governance in January 2018. To ensure separation between the Board of Members, Trustees, Local Governing Boards (LGBs) and the Trust's Senior Leadership Team. To improve consistency of governance and communication between Trustees and Local Governing Boards with particular focus on how LGBs are run, their understanding of the Scheme of Delegation and communication and accountability to the Trust.

##### **Financial Sustainability**

- To continually review Trust and academy finances to ensure the central Trust and its academies operate within the funds provided and to ensure financial decisions positively impact on pupils e.g. PPG/FSM.

##### **Accountability**

- To review accountability and external validation of what work is undertaken as a Trust in relation to pupil outcomes, needs and development. To establish that the work undertaken by the Trust has had a positive impact on pupil outcomes.

##### **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.

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

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Strategic report

##### Key performance indicators

The Board uses a number key performance indicators. 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 spend as a percentage of the overall academy budget. In the year ended 31 August 2019:

#### Statutory Outcomes - Cheshire Academies Trust

##### 2018-2019 EYFSP - Pupils in Reception

| School                   | EYFS GLD | Reading | Writing | Numbers | Shape, space & measures |
|--------------------------|----------|---------|---------|---------|-------------------------|
| Bexton Primary School    | 82%      | 87%     | 83%     | 90%     | 90%                     |
| Boughton Heath Academy   | 90%      | 93%     | 90%     | 93%     | 93%                     |
| Kelsall Primary School   | 68%      | 74%     | 74%     | 84%     | 84%                     |
| Mill View Primary School | 71%      | 74%     | 77%     | 81%     | 84%                     |
| Totals                   | 78%      | 83%     | 82%     | 87%     | 88%                     |

##### 2018-2019 Phonics

| School                   | Y1 Test | Y2 Re-Test | Y1/Y2 Test |
|--------------------------|---------|------------|------------|
| Bexton Primary School    | 88%     | 75%        | 93%        |
| Boughton Heath Academy   | 100%    | NA         | 100%       |
| Kelsall Primary School   | 80%     | 50%        | 43%        |
| Mill View Primary School | 73%     | 100%       | 86%        |
| Totals                   | 86%     | 94%        | 83%        |

##### 2018-2019 KS1 SATs % pupils at/above expected

| School                   | Reading | Writing | Maths |
|--------------------------|---------|---------|-------|
| Bexton Primary School    | 90%     | 87%     | 85%   |
| Boughton Heath Academy   | 70%     | 60%     | 73%   |
| Kelsall Primary School   | 80%     | 77%     | 83%   |
| Mill View Primary School | 79%     | 62%     | 83%   |
| Totals                   | 82%     | 74%     | 82%   |

## CHESHIRE ACADEMIES TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

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##### 2018-2019 KS1 SATs % pupils above expected

| School                   | Reading | Writing | Maths |
|--------------------------|---------|---------|-------|
| Bexton Primary School    | 55%     | 33%     | 45%   |
| Boughton Heath Academy   | 13%     | 7%      | 13%   |
| Kelsall Primary School   | 30%     | 23%     | 27%   |
| Mill View Primary School | 28%     | 17%     | 24%   |
| Totals                   | 36%     | 23%     | 31%   |

##### 2018-2019 KS2 SATs % pupils at/above expected

| School                   | Reading | Writing | GPS | Maths |
|--------------------------|---------|---------|-----|-------|
| Bexton Primary School    | 93%     | 100%    | 98% | 98%   |
| Boughton Heath Academy   | 91%     | 97%     | 94% | 97%   |
| Kelsall Primary School   | 83%     | 89%     | 89% | 91%   |
| Mill View Primary School | 65%     | 90%     | 81% | 87%   |
| Totals                   | 85%     | 95%     | 92% | 94%   |

##### 2018-2019 KS2 SATs % pupils above expected

| School                   | Reading | Writing | GPS | Maths |
|--------------------------|---------|---------|-----|-------|
| Bexton Primary School    | 62%     | 48%     | 62% | 62%   |
| Boughton Heath Academy   | 44%     | 41%     | 41% | 63%   |
| Kelsall Primary School   | 17%     | 37%     | 40% | 34%   |
| Mill View Primary School | 29%     | 29%     | 48% | 48%   |
| Totals                   | 42%     | 40%     | 50% | 53%   |

There were no Ofsted visits to any Cheshire Academies Trust academy in 2018-2019.

##### 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.

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Financial review

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which is restricted to particular purposes. Income is also generated through the Teaching School (CLTA). The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Boughton Heath Academy, Kelsall Primary School and Mill View Primary School generate income via catering operations and all Trust academies generate income from out of hours' activities. The income generated by these activities during the year ended 31 August 2019 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. The Trust did not make any application to the CIF fund in 2018-2019. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of assets.

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

The Principal of Boughton Heath Academy was appointed as an Associate School Improvement Advisor (ASIA) by Cheshire West and Chester Council (CWaC) in June 2019.

In April 2019 Boughton Heath Academy introduced an out of hours' facility, 'the Heath Club', to provide childcare for families until 6pm during term time and to generate funds to support the academy's activities.

In January 2019 work to deliver Kelsall Primary School's 'Key Stage Two Expansion' project began. The project aimed to deliver additional teaching space for the school to support the increase of pupils in Key Stage Two classes. The increase in numbers the school has seen over the past five years is a result of local housing developments. The project was funded by Section 106 monies, received in 2015 and 2016 from Taylor Wimpey and Bloor Homes and a contribution from the school's Devolved Formula Capital (DFC) funds.

In April 2019 the Regional School Commissioner approved Kelsall's application to lower the age range to accommodate pupils aged 2 years and upwards. The application allowed Kelsall to progress its long planned merger with an on-site pre-school and out of hours' facility (Kelsall Pre-School and Klub). Both organisations have worked closely together for many years and the governors of Kelsall Primary School along with the Kelsall Pre-School committee strongly believe the merger will strengthen the outstanding offer to families and provide the best possible opportunities for children in the local community. The merger formally took place on 1 August 2019.

Upon receiving approval for the lowering of the age range, Kelsall appointed contractors to re-model the Reception class room, infant library area and outdoor courtyard to provide two nursery class rooms and an outdoor play area for children aged 2-3 years. The works began in April 2019 and were completed in August 2019. The works were funded by Pre-School funds and Kelsall reserves.

In respect of the litigation matter at Mill View Primary School the Trust and the claimant agreed that it would be in everybody's best interests to resolve their disputes amicably and focus their attention on try to rebuild a good neighbourly relationship. A settlement was therefore agreed between the parties in March 2019. All costs relating to the action were met by the DfE's Risk Pooling Arrangement (RPA) which the academy pays into.

## CHESHIRE ACADEMIES TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

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The Trust was pleased to welcome Bexton Primary School on 1 August 2019. Bexton is a two-form entry primary school based in Knutsford, Cheshire. The school has extensive grounds extending to four to five acres housing a multi-use games area, two woodland areas, hard surface playgrounds and football pitches. The school caters for children aged 2-11 years and had 517 pupils on roll in May 2019. There are two nursery classes at Bexton and the school generates funds through an out of hours' provision, which is much in demand.

The Trust is an employer in the Cheshire Pension Fund, the Local Government Pension Scheme (LGPS). The LGPS is a funded scheme and the assets are held separately from those of Cheshire Academies 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.

The Trust met its obligations in respect of auto-enrolment for all eligible employees under the Pensions Act 2008. There were no in-year retirements and there is no material change to the LGPS membership at any individual academy. However, the introduction of Bexton Primary School constitutes a material increase in membership for the Trust as an employer in the scheme.

At 31 August 2019 the net book value of fixed assets was £12,362,000. Movement in tangible assets is shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils in the Trust and the operation of CLTA.

During the year ended 31 August 2019, total revenue expenditure of £3,393,000 was met by recurrent grant funding from the ESFA together with other incoming resources.

#### Reserves policy

The Board of Trustees reviews the Trusts' Reserves Policy and did so in December 2018. The review resulted in no change to the requirement that academies should achieve a level of free reserves equivalent to one month's salary costs. This should be achieved over an agreed timeframe that does not pose a risk to routine academy operation.

The review of the policy did result in a change in the level of free reserves held by the central Trust, which was also set at the equivalent of one month's net (central Trust staff) salaries. The Trust exceeded this target in 2018-19.

The total Trusts free reserves at 31 August 2019 were £990,000

#### 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 as a primary activity, as a result of good stewardship the Trustees remain open to exploring investment opportunities.

The Trust had no investments at 31 August 2019.

# CHESHIRE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Principal risks and uncertainties

The Trust has a risk management policy which clearly outlines the responsibilities of the Board, Local Governing Bodies, academy Principals and other staff in regards to managing risk and the appropriate steps to take in order to manage 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, CLTA and the central Trust have individual, comprehensive risk registers which are reviewed annually by the Board and more regularly at an operational level. A risk rating mechanism in the registers focuses Local Governing Board and Senior Leadership Team attention to those areas identified as higher risk so appropriate actions can be 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 received £10,000 (2018: £108,550) from such sources. These funds were received at Kelsall Primary School by Curious Minds, an organisation dedicated to improving the lives of children and young people through great art and culture.

Each Trust academy also has an appropriately constituted Parent Teacher Association (PTA). These solicit donations, primarily from parents, for specific projects, through organising Christmas and summer fairs, school discos, parents' social evenings etc.

No professional fundraisers or commercial participators were used to assist any PTA during the year in its activities (2018: None) and no complaints were received by the Trust or any persons acting on its behalf about activities by the charity or any persons acting on its behalf in fundraising (2018: 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 or unreasonably persistent approaches for soliciting money or undue pressure to make donations.

# **CHESHIRE ACADEMIES TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **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 support our academies to thrive by developing and sharing best practices/systems across our academies, rigorous internal challenge and decisive early intervention to secure improvement where needed.

The Board continues to work through the action plan, devised to consider and implement recommendations following the governance review in January 2018. As part of this strategic planning and following a nationally advertised recruitment campaign, the Board held interviews for a Chief Executive Officer in September 2018. An internal appointment was made and the Chief Executive Officer began his role on 1 January 2019. The purpose of the appointment was to strengthen leadership and 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 is 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 Trusts' teaching alliance CLTA which has worked with local primary schools in the year to 31 August 2019.

#### **Funds held as custodian trustee on behalf of others**

To 31 August 2019 the Trust did not hold funds as custodian trustee on behalf of others.

#### **Auditor**

In so far as the trustees are aware:

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

In April 2019, following a tendering process, the Board appointed Howard Worth as its auditors for the period 2019-2022. The Board will go out to tender for its audit services for the period 2022-2025 in Spring 2022.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 04 December 2019 and signed on its behalf by:

Mrs Janet Myers

# CHESHIRE ACADEMIES TRUST

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kelsall Primary School and the supplementary funding agreements between Boughton Heath Academy, Mill View Primary School and Bexton Primary School and the Secretary of State for Education. In practice much of the day-to-day financial responsibility is delegated to the Trusts' Director of Operations who fulfils the role of Chief Financial Officer and as such 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 formally met seven times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustees  | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Mrs Alison Ashley   | 3                 | 6               |
| Mrs Alison Brennan  | 5                 | 6               |
| Mr Martin Huber   | 3                 | 7               |
| Mr Robert Hughes (Appointed 5 February 2019)                                | 3                 | 4               |
| Mrs Janet Myers   | 5                 | 5               |
| Mrs Janet Sandford (Appointed 12 October 2018)                              | 6                 | 7               |
| Dr Harry Ziman (Chair)  | 6                 | 6               |
| Mr Steven Ellis (Resigned 5 December 2018)                                  | 2                 | 3               |
| Mr Robert Ford (Resigned 5 December 2018)                                   | 3                 | 3               |
| Miss Joanne Harvey (Appointed 12 October 2018 and resigned 5 February 2019) | 1                 | 3               |
| Mr David Wearing (Resigned 5 December 2018)                                 | 1                 | 3               |

#### Review of value for money

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

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
- Maximising the income generation opportunities afforded to us as a multi academy trust

# CHESHIRE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cheshire Academies Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

#### **The risk and control framework**

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The trustees have considered the need for a specific internal audit function and decided not to appoint an internal auditor in 2018-19. Individual academies are 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 Board level and are reviewed by the Director of Operations who the Board have appointed to oversee the internal audit function. It is the Resources Committee's responsibility to consider the need for an internal audit function. It will make this decision on an annual basis taking into account the findings in the audit management letter.

In 2018-19 the following checks were carried out

- testing of the knowledge and understanding of and adherence to the procedures set out in the Trust's financial management handbook; and
- testing of management and recording of purchases made using credit cards;

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 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.

## CHESHIRE ACADEMIES TRUST

### GOVERNANCE STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

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##### **Review of effectiveness**

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

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

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

Approved by order of the board of trustees on 04 December 2019 and signed on its behalf by:

Mrs Janet Myers

## **CHESHIRE ACADEMIES TRUST**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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As Accounting Officer of Cheshire Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

Mr Steven Ellis  
**Accounting Officer**

04 December 2019

## **CHESHIRE ACADEMIES TRUST**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees (who are also the directors of Cheshire Academies Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, 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 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 04 December 2019 and signed on its behalf by:

Mrs Janet Myers

## **CHESHIRE ACADEMIES TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE ACADEMIES TRUST FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **Opinion**

We have audited the accounts of Cheshire Academies Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

#### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

## CHESHIRE ACADEMIES TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE ACADEMIES TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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 are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the accounts**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**CHESHIRE ACADEMIES TRUST**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE ACADEMIES TRUST  
(CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Fran Johnson BSc FCA (Senior Statutory Auditor)  
for and on behalf of Howard Worth**

4 December 2019

**Chartered Accountants  
Statutory Auditor**

Drake House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7RA

## **CHESHIRE ACADEMIES TRUST**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHESHIRE ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Cheshire Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cheshire Academies Trust and 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**CHESHIRE ACADEMIES TRUST**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
CHESHIRE ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY  
(CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Reporting Accountant**

Howard Worth  
Drake House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7RA

Dated: 04 December 2019

# CHESHIRE ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

|   | Notes | Unrestricted<br>Funds<br>£'000 | Restricted funds:<br>General Fixed asset<br>£'000 £'000 |        | Total<br>2019<br>£'000 | Total<br>2018<br>£'000 |
|---|-------|--------------------------------|---|--------|------------------------|------------------------|
| <b>Income and endowments from:</b>                          |       |                                |   |        |                        |                        |
| Donations and capital grants                                | 4     | 61                             | -   | 48     | 109                    | 111                    |
| Donations - transfer from local authority on conversion     | 26    | -                              | (325)   | 6,548  | 6,223                  | -                      |
| Charitable activities:                                      |       |                                |   |        |                        |                        |
| - Funding for educational operations                        | 5     | -                              | 3,168   | -      | 3,168                  | 2,885                  |
| - Funding for teaching school                               | 25    | -                              | 232   | -      | 232                    | 199                    |
| Other trading activities                                    | 6     | 3                              | -   | -      | 3                      | 7                      |
| Investments   | 7     | -                              | -   | -      | -                      | 1                      |
| <b>Total</b>  |       | 64                             | 3,075   | 6,596  | 9,735                  | 3,203                  |
| <b>Expenditure on:</b>                                      |       |                                |   |        |                        |                        |
| Charitable activities:                                      |       |                                |   |        |                        |                        |
| - Educational operations                                    | 10    | -                              | 3,301   | 136    | 3,437                  | 3,187                  |
| - Teaching school   |       | -                              | 212   | -      | 212                    | 215                    |
| <b>Total</b>  | 8     | -                              | 3,513   | 136    | 3,649                  | 3,402                  |
| <b>Net income/(expenditure)</b>                             |       | 64                             | (438)   | 6,460  | 6,086                  | (199)                  |
| Transfers between funds                                     | 17    | (166)                          | (102)   | 268    | -                      | -                      |
| <b>Other recognised gains/(losses)</b>                      |       |                                |   |        |                        |                        |
| Actuarial (losses)/gains on defined benefit pension schemes | 19    | -                              | (572)   | -      | (572)                  | 215                    |
| <b>Net movement in funds</b>                                |       | (102)                          | (1,112)   | 6,728  | 5,514                  | 16                     |
| <b>Reconciliation of funds</b>                              |       |                                |   |        |                        |                        |
| Total funds brought forward                                 |       | 485                            | (257)   | 5,634  | 5,862                  | 5,846                  |
| Total funds carried forward                                 |       | 383                            | (1,369)   | 12,362 | 11,376                 | 5,862                  |

# CHESHIRE ACADEMIES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

|  |       | 2019         |                      | 2018         |                     |
|--|-------|--------------|----------------------|--------------|---------------------|
|  | Notes | £'000        | £'000                | £'000        | £'000               |
| <b>Fixed assets</b>                            |       |              |                      |              |                     |
| Tangible assets                                | 14    |              | 12,362               |              | 5,636               |
| <b>Current assets</b>                          |       |              |                      |              |                     |
| Debtors  | 15    | 435          |                      | 89           |                     |
| Cash at bank and in hand                       |       | 976          |                      | 1,104        |                     |
|  |       | <u>1,411</u> |                      | <u>1,193</u> |                     |
| <b>Current liabilities</b>                     |       |              |                      |              |                     |
| Creditors: amounts falling due within one year | 16    | (421)        |                      | (332)        |                     |
| <b>Net current assets</b>                      |       |              | <u>990</u>           |              | <u>861</u>          |
| <b>Net assets excluding pension liability</b>  |       |              | <u>13,352</u>        |              | <u>6,497</u>        |
| Defined benefit pension scheme liability       | 19    |              | (1,976)              |              | (635)               |
| <b>Total net assets</b>                        |       |              | <u><u>11,376</u></u> |              | <u><u>5,862</u></u> |
| <b>Funds of the academy trust:</b>             |       |              |                      |              |                     |
| <b>Restricted funds</b>                        | 17    |              |                      |              |                     |
| - Fixed asset funds                            |       |              | 12,362               |              | 5,634               |
| - Restricted income funds                      |       |              | 607                  |              | 378                 |
| - Pension reserve                              |       |              | (1,976)              |              | (635)               |
| <b>Total restricted funds</b>                  |       |              | <u>10,993</u>        |              | <u>5,377</u>        |
| <b>Unrestricted income funds</b>               | 17    |              | <u>383</u>           |              | <u>485</u>          |
| <b>Total funds</b>                             |       |              | <u><u>11,376</u></u> |              | <u><u>5,862</u></u> |

The accounts on pages 24 to 49 were approved by the trustees and authorised for issue on 04 December 2019 and are signed on their behalf by:

Mrs Janet Myers

Company Number 08108086

# CHESHIRE ACADEMIES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

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|  |       | 2019  |              | 2018  |              |
|--|-------|-------|--------------|-------|--------------|
|  | Notes | £'000 | £'000        | £'000 | £'000        |
| <b>Cash flows from operating activities</b>                              |       |       |              |       |              |
| Net cash (used in)/provided by operating activities                      | 20    |       | (154)        |       | 56           |
| Cash funds transferred on conversion                                     |       |       | 292          |       | -            |
|  |       |       | <u>138</u>   |       | <u>56</u>    |
| <b>Cash flows from investing activities</b>                              |       |       |              |       |              |
| Dividends, interest and rents from investments                           |       | -     |              | 1     |              |
| Capital grants from DfE Group  |       | 48    |              | 39    |              |
| Capital funding received from sponsors and others                        |       | -     |              | 65    |              |
| Purchase of tangible fixed assets  |       | (314) |              | (205) |              |
|  |       |       | <u>(266)</u> |       | <u>(100)</u> |
| <b>Net cash used in investing activities</b>                             |       |       |              |       |              |
|  |       |       | <u>(128)</u> |       | <u>(44)</u>  |
| <b>Net decrease in cash and cash equivalents in the reporting period</b> |       |       |              |       |              |
| Cash and cash equivalents at beginning of the year                       |       |       | 1,104        |       | 1,148        |
| <b>Cash and cash equivalents at end of the year</b>                      |       |       | <u>976</u>   |       | <u>1,104</u> |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### 1.2 Going concern

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

##### 1.3 Conversion to an academy trust

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

##### 1.4 Income

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

###### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

###### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

##### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Charitable activities

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

#### 1.6 Tangible fixed assets and depreciation

Assets costing £500 or more (or £250 if IT equipment) 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 that require 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 unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

|                                |                             |
|--------------------------------|-----------------------------|
| Land and buildings             | Straight line over 50 years |
| Computer equipment             | 25% on cost                 |
| Fixtures, fittings & equipment | 20% on cost                 |
| Motor vehicles                 | 25% on cost                 |

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.

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies (Continued)

##### 1.7 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 of services it must provide.

##### 1.8 Leased assets

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

##### 1.9 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

###### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

###### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

##### 1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### 1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

The LGPS is a funded multi-employer 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.

#### 1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

#### 2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**3 Comparative information**

| ended 31 August 2018                               | Unrestricted<br>Funds<br>£'000 | Restricted funds:<br>General<br>£'000 | Fixed asset<br>£'000 | Total<br>2018<br>£'000 |
|--|--------------------------------|---------------------------------------|----------------------|------------------------|
| <b>Income and endowments from:</b>                 |                                |                                       |                      |                        |
| Donations and capital grants                       | 7                              | -                                     | 104                  | 111                    |
| Charitable activities:                             |                                |                                       |                      |                        |
| - Funding for educational operations               | -                              | 2,885                                 | -                    | 2,885                  |
| - Funding for teaching school                      | -                              | 199                                   | -                    | 199                    |
| Other trading activities                           | 7                              | -                                     | -                    | 7                      |
| Investments  | 1                              | -                                     | -                    | 1                      |
| <b>Total</b>                                       | <u>15</u>                      | <u>3,084</u>                          | <u>104</u>           | <u>3,203</u>           |
| <b>Expenditure on:</b>                             |                                |                                       |                      |                        |
| Charitable activities:                             |                                |                                       |                      |                        |
| - Educational operations                           | 40                             | 3,022                                 | 125                  | 3,187                  |
| - Teaching school                                  | -                              | 215                                   | -                    | 215                    |
| <b>Total</b>                                       | <u>40</u>                      | <u>3,237</u>                          | <u>125</u>           | <u>3,402</u>           |
| <b>Net expenditure</b>                             | (25)                           | (153)                                 | (21)                 | (199)                  |
| Transfers between funds                            | -                              | (101)                                 | 101                  | -                      |
| <b>Other recognised gains/(losses)</b>             |                                |                                       |                      |                        |
| Actuarial gains on defined benefit pension schemes | -                              | 215                                   | -                    | 215                    |
| <b>Net movement in funds</b>                       | <u>(25)</u>                    | <u>(39)</u>                           | <u>80</u>            | <u>16</u>              |

**4 Donations and capital grants**

|                 | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2019<br>£'000 | Total<br>2018<br>£'000 |
|-----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants  | -                              | 48                           | 48                     | 104                    |
| Other donations | 61                             | -                            | 61                     | 7                      |
|                 | <u>61</u>                      | <u>48</u>                    | <u>109</u>             | <u>111</u>             |

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**5 Funding for the academy trust's educational operations**

|                                | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2019<br>£'000 | Total<br>2018<br>£'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| <b>DfE / ESFA grants</b>       |                                |                              |                        |                        |
| General annual grant (GAG)     | -                              | 2,444                        | 2,444                  | 2,270                  |
| Other DfE group grants         | -                              | 318                          | 318                    | 265                    |
|                                | -                              | 2,762                        | 2,762                  | 2,535                  |
| <b>Other government grants</b> |                                |                              |                        |                        |
| Local authority grants         | -                              | 92                           | 92                     | 68                     |
| Other government grants        | -                              | 7                            | 7                      | 3                      |
|                                | -                              | 99                           | 99                     | 71                     |
| <b>Other funding</b>           |                                |                              |                        |                        |
| Teaching school income         | -                              | 232                          | 232                    | 199                    |
| Other incoming resources       | -                              | 307                          | 307                    | 279                    |
|                                | -                              | 539                          | 539                    | 478                    |
| <b>Total funding</b>           | -                              | 3,400                        | 3,400                  | 3,084                  |

**6 Other trading activities**

|                      | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2019<br>£'000 | Total<br>2018<br>£'000 |
|----------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities   | 1                              | -                            | 1                      | 2                      |
| Miscellaneous income | 2                              | -                            | 2                      | 5                      |
|                      | 3                              | -                            | 3                      | 7                      |

**7 Investment income**

|                     | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2019<br>£'000 | Total<br>2018<br>£'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | -                              | -                            | -                      | 1                      |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Expenditure

|  | Staff costs<br>£'000 | Non Pay Expenditure |                   | Total<br>2019<br>£'000 | Total<br>2018<br>£'000 |
|--|----------------------|---------------------|-------------------|------------------------|------------------------|
|  |                      | Premises<br>£'000   | Other<br>£'000    |                        |                        |
| Academy's educational operations                       |                      |                     |                   |                        |                        |
| - Direct costs   | 1,943                | 109                 | 224               | 2,276                  | 2,248                  |
| - Allocated support costs                              | 634                  | 217                 | 310               | 1,161                  | 939                    |
| Teaching school  |                      |                     |                   |                        |                        |
| - Direct costs   | 25                   | -                   | 73                | 98                     | 56                     |
| - Allocated support costs                              | 30                   | 2                   | 82                | 114                    | 159                    |
|  | <u>2,632</u>         | <u>328</u>          | <u>689</u>        | <u>3,649</u>           | <u>3,402</u>           |
|  | <u><u>2,632</u></u>  | <u><u>328</u></u>   | <u><u>689</u></u> | <u><u>3,649</u></u>    | <u><u>3,402</u></u>    |
| <b>Net income/(expenditure) for the year includes:</b> |                      |                     |                   | <b>2019</b>            | <b>2018</b>            |
|  |                      |                     |                   | <b>£'000</b>           | <b>£'000</b>           |
| Fees payable to auditor for:                           |                      |                     |                   |                        |                        |
| - Audit  |                      |                     |                   | 9                      | 9                      |
| - Other services                                       |                      |                     |                   | 5                      | 4                      |
| Operating lease rentals                                |                      |                     |                   | 7                      | 4                      |
| Depreciation of tangible fixed assets                  |                      |                     |                   | 136                    | 125                    |
| Net interest on defined benefit pension liability      |                      |                     |                   | 20                     | 19                     |
|  |                      |                     |                   | <u>20</u>              | <u>19</u>              |

### 9 Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial, budgetary and accounting services;
- various educational support and administrative services.

The Trust's policy is 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 Annual Grant income with the remaining estimated costs being assigned as a charge to the CLTA.

In addition, CLTA occupies part of the Kelsall Primary School site and directly compensates the school via an annual rent charge of £17,174 (2018: £16,724).

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**9 Central services** **(Continued)**

|  |              |              |
|--|--------------|--------------|
| The amounts charged during the year were as follows: | <b>2019</b>  | <b>2018</b>  |
|  | <b>£'000</b> | <b>£'000</b> |
| Kelsall Primary School                               | 43           | 34           |
| Boughton Heath Primary School                        | 41           | 35           |
| Mill View Primary School                             | 43           | 35           |
| Cheshire Leadership & Teaching Alliance              | 27           | 18           |
| Bexton Primary School                                | 6            | -            |
|  | <u>160</u>   | <u>122</u>   |

**10 Charitable activities**

|                            |              |              |
|----------------------------|--------------|--------------|
| All from restricted funds: | <b>2019</b>  | <b>2018</b>  |
|                            | <b>£'000</b> | <b>£'000</b> |
| <b>Direct costs</b>        |              |              |
| Educational operations     | 2,276        | 2,248        |
| Teaching school            | 98           | 56           |
| <b>Support costs</b>       |              |              |
| Educational operations     | 1,161        | 939          |
| Teaching school            | 114          | 159          |
|                            | <u>3,649</u> | <u>3,402</u> |

|                                  | <b>Teaching<br/>school<br/>£'000</b> | <b>Educational<br/>operations<br/>£'000</b> | <b>Total<br/>2019<br/>£'000</b> | <b>Total<br/>2018<br/>£'000</b> |
|----------------------------------|--------------------------------------|---|---------------------------------|---------------------------------|
| <b>Analysis of support costs</b> |                                      |   |                                 |                                 |
| Support staff costs              | 30                                   | 654   | 684                             | 522                             |
| Depreciation                     | -                                    | 27  | 27                              | 26                              |
| Technology costs                 | 1                                    | 77  | 78                              | 5                               |
| Premises costs                   | 2                                    | 190   | 192                             | 226                             |
| Other support costs              | 81                                   | 173   | 254                             | 306                             |
| Governance costs                 | -                                    | 40  | 40                              | 13                              |
|                                  | <u>114</u>                           | <u>1,161</u>                                | <u>1,275</u>                    | <u>1,098</u>                    |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 11 Staff

##### Staff costs

Staff costs during the year were:

|   | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Wages and salaries                      | 1,892        | 1,898        |
| Social security costs                   | 134          | 144          |
| Pension costs                           | 445          | 305          |
|   | <hr/>        | <hr/>        |
| Amounts paid to employees               | 2,471        | 2,347        |
| Agency staff costs                      | 125          | 37           |
| Staff restructuring costs               | 36           | -            |
|   | <hr/>        | <hr/>        |
| Amounts paid to staff                   | 2,632        | 2,384        |
| Staff development and other staff costs | 38           | 20           |
|   | <hr/>        | <hr/>        |
| Total staff expenditure                 | 2,670        | 2,404        |
|   | <hr/> <hr/>  | <hr/> <hr/>  |
| Staff restructuring costs comprise:     |              |              |
| Severance payments                      | 36           | -            |
|   | <hr/> <hr/>  | <hr/> <hr/>  |

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £1,732 (2018: £nil).

##### Staff numbers

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

|                            | <b>2019</b>   | <b>2018</b>   |
|----------------------------|---------------|---------------|
|                            | <b>Number</b> | <b>Number</b> |
| Teachers                   | 33            | 28            |
| Administration and support | 73            | 73            |
| Management                 | 9             | 8             |
|                            | <hr/>         | <hr/>         |
|                            | 115           | 109           |
|                            | <hr/> <hr/>   | <hr/> <hr/>   |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 11 Staff

(Continued)

##### Higher paid staff

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

|                   | 2019<br>Number | 2018<br>Number |
|-------------------|----------------|----------------|
| £60,001 - £70,000 | 1              | 3              |
| £70,001 - £80,000 | 1              | -              |
| £80,001 - £90,000 | 1              | -              |
|                   | =====          | =====          |

##### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £352,000 (2018: £308,000).

#### 12 Trustees' remuneration and expenses

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

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

Mr R Ford (Principal of Mill View Primary School and trustee until resignation on 5 December 2018):

Remuneration: £60,000 - £65,000 (pro rata)

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

Mr D Wearing (Principal of Kelsall Primary School and trustee until resignation on 5 December 2018):

Remuneration: £70,000 - £75,000 (pro rata)

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

Mr S Ellis (Principal of Boughton Heath Primary School and trustee until resignation on 5 December 2018):

Remuneration: £65,000 - £70,000 (pro rata)

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

During the year ended 31 August 2019, travel and subsistence expenses totalling £73 were reimbursed to one trustee (2018: £ nil.)

#### 13 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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.

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**14 Tangible fixed assets**

|                        | Land and<br>buildings | Computer<br>equipment | Fixtures,<br>fittings &<br>equipment | Motor<br>vehicles | Total  |
|------------------------|-----------------------|-----------------------|--------------------------------------|-------------------|--------|
|                        | £'000                 | £'000                 | £'000                                | £'000             | £'000  |
| <b>Cost</b>            |                       |                       |                                      |                   |        |
| At 1 September 2018    | 5,858                 | 70                    | 160                                  | 1                 | 6,089  |
| Transfer on conversion | 6,540                 | 8                     | -                                    | -                 | 6,548  |
| Additions              | 241                   | 48                    | 25                                   | -                 | 314    |
| At 31 August 2019      | 12,639                | 126                   | 185                                  | 1                 | 12,951 |
| <b>Depreciation</b>    |                       |                       |                                      |                   |        |
| At 1 September 2018    | 378                   | 25                    | 50                                   | -                 | 453    |
| Charge for the year    | 88                    | 21                    | 27                                   | -                 | 136    |
| At 31 August 2019      | 466                   | 46                    | 77                                   | -                 | 589    |
| <b>Net book value</b>  |                       |                       |                                      |                   |        |
| At 31 August 2019      | 12,173                | 80                    | 108                                  | 1                 | 12,362 |
| At 31 August 2018      | 5,480                 | 45                    | 110                                  | 1                 | 5,636  |

**15 Debtors**

|                                | 2019<br>£'000 | 2018<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 3             | 9             |
| Other debtors                  | 347           | 31            |
| Prepayments and accrued income | 85            | 49            |
|                                | 435           | 89            |

**16 Creditors: amounts falling due within one year**

|                                    | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 187           | 103           |
| Other taxation and social security | 58            | 37            |
| Other creditors                    | 72            | 40            |
| Accruals and deferred income       | 104           | 152           |
|                                    | 421           | 332           |

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**17 Funds**

|                                     | Balance at<br>1 September<br>2018<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Gains,<br>losses and<br>transfers<br>£'000 | Balance at<br>31 August<br>2019<br>£'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| <b>Restricted general funds</b>     |  |                 |                      |  |  |
| General Annual Grant (GAG)          | -  | 2,444           | (2,417)              | -  | 27                                       |
| Other DfE / ESFA grants             | -  | 318             | (318)                | -  | -  |
| Other government grants             | -  | 99              | (99)                 | -  | -  |
| Teaching school                     | 129  | 232             | (212)                | -  | 149                                      |
| Other restricted funds              | 249  | 631             | (347)                | (102)                                      | 431                                      |
| Pension reserve                     | (635)                                      | (649)           | (120)                | (572)                                      | (1,976)                                  |
|                                     | <u>(257)</u>                               | <u>3,075</u>    | <u>(3,513)</u>       | <u>(674)</u>                               | <u>(1,369)</u>                           |
| <b>Restricted fixed asset funds</b> |  |                 |                      |  |  |
| Inherited on conversion             | -  | 6,548           | -                    | (6,548)                                    | -  |
| DfE group capital grants            | 5,634                                      | 48              | (136)                | 6,816                                      | 12,362                                   |
|                                     | <u>5,634</u>                               | <u>6,596</u>    | <u>(136)</u>         | <u>268</u>                                 | <u>12,362</u>                            |
| <b>Total restricted funds</b>       | <u>5,377</u>                               | <u>9,671</u>    | <u>(3,649)</u>       | <u>(406)</u>                               | <u>10,993</u>                            |
| <b>Unrestricted funds</b>           |  |                 |                      |  |  |
| General funds                       | 319  | 64              | -                    | -  | 383                                      |
| Designated fund                     | 166  | -               | -                    | (166)                                      | -  |
|                                     | <u>485</u>                                 | <u>64</u>       | <u>-</u>             | <u>(166)</u>                               | <u>383</u>                               |
| <b>Total funds</b>                  | <u>5,862</u>                               | <u>9,735</u>    | <u>(3,649)</u>       | <u>(572)</u>                               | <u>11,376</u>                            |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 17 Funds

(Continued)

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

##### **General fund**

Represents amounts derived from the hire of facilities and investment income.

##### **General Annual Grant**

This represents the balance remaining from core funding provided by the EFSA for the schools core educational activities.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

##### **Other Restricted General Funds**

This represents the balance remaining from other funding provided by the EFSA/DfE and local authorities for the academy trust's educational activities.

##### **Pension Reserve**

This is the Local Government Pension Scheme deficit attributable to the school and is derived from the report of the actuary produced as at 31 August 2019.

##### **Fixed Asset Restricted Funds**

This represents the value of fixed assets shown on the balance sheet. The assets underlying the fund are the Trust's land and buildings, furniture, motor vehicles, fixtures and fittings and computer equipment.

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**17 Funds**

**(Continued)**

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

|                                     | Balance at<br>1 September<br>2017<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Gains,<br>losses and<br>transfers<br>£'000 | Balance at<br>31 August<br>2018<br>£'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| <b>Restricted general funds</b>     |  |                 |                      |  |  |
| General Annual Grant (GAG)          | -  | 2,270           | (2,270)              | -  | -  |
| Other DfE / ESFA grants             | -  | 265             | (265)                | -  | -  |
| Other government grants             | -  | 71              | (71)                 | -  | -  |
| Teaching school                     | 145  | 199             | (215)                | -  | 129                                      |
| Other restricted funds              | 362  | 279             | (291)                | (101)                                      | 249                                      |
| Pension reserve                     | (725)                                      | -               | (125)                | 215  | (635)                                    |
|                                     | <u>(218)</u>                               | <u>3,084</u>    | <u>(3,237)</u>       | <u>114</u>                                 | <u>(257)</u>                             |
| <b>Restricted fixed asset funds</b> |  |                 |                      |  |  |
| DfE group capital grants            | 5,554                                      | 104             | (125)                | 101  | 5,634                                    |
|                                     | <u>5,336</u>                               | <u>3,188</u>    | <u>(3,362)</u>       | <u>215</u>                                 | <u>5,377</u>                             |
| <b>Total restricted funds</b>       | <u>5,336</u>                               | <u>3,188</u>    | <u>(3,362)</u>       | <u>215</u>                                 | <u>5,377</u>                             |
| <b>Unrestricted funds</b>           |  |                 |                      |  |  |
| General funds                       | 344  | 15              | (40)                 | -  | 319                                      |
| Designated fund                     | 166  | -               | -                    | -  | 166                                      |
|                                     | <u>510</u>                                 | <u>15</u>       | <u>(40)</u>          | <u>-</u>                                   | <u>485</u>                               |
| <b>Total funds</b>                  | <u>5,846</u>                               | <u>3,203</u>    | <u>(3,402)</u>       | <u>215</u>                                 | <u>5,862</u>                             |

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**17 Funds**

**(Continued)**

**Total funds analysis by academy**

|  | <b>2019</b>   | <b>2018</b>  |
|--|---------------|--------------|
|  | <b>£'000</b>  | <b>£'000</b> |
| Fund balances at 31 August 2019 were allocated as follows: |               |              |
| Kelsall Primary School                                     | 303           | 466          |
| Boughton Heath Primary School                              | 93            | 59           |
| Mill View Primary School                                   | 104           | 132          |
| Cheshire Leadership & Teaching Alliance                    | 149           | 129          |
| Bexton Primary School                                      | 291           | -            |
| Central services   | 50            | 77           |
|  | <hr/>         | <hr/>        |
| Total before fixed assets fund and pension reserve         | 990           | 863          |
| Restricted fixed asset fund                                | 12,362        | 5,634        |
| Pension reserve  | (1,976)       | (635)        |
|  | <hr/>         | <hr/>        |
| Total funds  | <u>11,376</u> | <u>5,862</u> |

**Total cost analysis by academy**

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

|  | <b>Teaching and<br/>educational<br/>support staff</b> | <b>Other support<br/>staff costs</b> | <b>Educational<br/>supplies</b> | <b>Other costs<br/>excluding<br/>depreciation</b> | <b>Total<br/>2019</b> | <b>Total<br/>2018</b> |
|--|---|--------------------------------------|---------------------------------|---|-----------------------|-----------------------|
|  | <b>£'000</b>  | <b>£'000</b>                         | <b>£'000</b>                    | <b>£'000</b>                                      | <b>£'000</b>          | <b>£'000</b>          |
| Kelsall Primary School                     | 583   | 143                                  | 100                             | 155   | 981                   | 938                   |
| Boughton Heath Primary<br>School           | 556   | 151                                  | 112                             | 108   | 927                   | 966                   |
| Mill View Primary School                   | 686   | 174                                  | 98                              | 88  | 1,046                 | 1,008                 |
| Cheshire Leadership &<br>Teaching Alliance | 27  | 30                                   | 72                              | 41  | 170                   | 194                   |
| Bexton Primary School                      | 130   | 28                                   | 2                               | 11  | 171                   | -                     |
|  | <hr/>   | <hr/>                                | <hr/>                           | <hr/>   | <hr/>                 | <hr/>                 |
|  | <u>1,982</u>  | <u>526</u>                           | <u>384</u>                      | <u>403</u>  | <u>3,295</u>          | <u>3,106</u>          |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 18 Analysis of net assets between funds

|  | Unrestricted<br>Funds<br>£'000 | Restricted funds:<br>General<br>£'000 | Fixed asset<br>£'000 | Total<br>Funds<br>£'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| <b>Fund balances at 31 August 2019 are represented by:</b> |                                |                                       |                      |                         |
| Tangible fixed assets                                      | -                              | -                                     | 12,362               | 12,362                  |
| Current assets   | 642                            | 769                                   | -                    | 1,411                   |
| Creditors falling due within one year                      | (259)                          | (162)                                 | -                    | (421)                   |
| Defined benefit pension liability                          | -                              | (1,976)                               | -                    | (1,976)                 |
| <b>Total net assets</b>                                    | <b>383</b>                     | <b>(1,369)</b>                        | <b>12,362</b>        | <b>11,376</b>           |

|  | Unrestricted<br>Funds<br>£'000 | Restricted funds:<br>General<br>£'000 | Fixed asset<br>£'000 | Total<br>Funds<br>£'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| <b>Fund balances at 31 August 2018 are represented by:</b> |                                |                                       |                      |                         |
| Tangible fixed assets                                      | -                              | -                                     | 5,636                | 5,636                   |
| Current assets   | 484                            | 709                                   | -                    | 1,193                   |
| Creditors falling due within one year                      | 1                              | (331)                                 | (2)                  | (332)                   |
| Defined benefit pension liability                          | -                              | (635)                                 | -                    | (635)                   |
| <b>Total net assets</b>                                    | <b>485</b>                     | <b>(257)</b>                          | <b>5,634</b>         | <b>5,862</b>            |

#### 19 Pension and similar obligations

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

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

Contributions amounting to £72,000 were payable to the schemes at 31 August 2019 (2018: £39,000) 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 19 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
- 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 based on April 2016 data has resulted in an increase of the employer contribution rate from 16.48% to 23.68% payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £188,286 (2018: £180,919).

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 academy trust has set out above the information available on the scheme.

##### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.3% for employers and 5.5% to 12.5% for employees.

As described in note 26 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**19 Pension and similar obligations (Continued)**

| <b>Total contributions made</b>                    | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|
|  | <b>£'000</b>      | <b>£'000</b>      |
| Employer's contributions                           | 156               | 142               |
| Employees' contributions                           | 34                | 36                |
|  | <u>          </u> | <u>          </u> |
| Total contributions                                | 190               | 178               |
|  | <u>          </u> | <u>          </u> |
| <br>   |                   |                   |
| <b>Principal actuarial assumptions</b>             | <b>2019</b>       | <b>2018</b>       |
|  | <b>%</b>          | <b>%</b>          |
| Rate of increase in salaries                       | 2.6               | 2.7               |
| Rate of increase for pensions in payment/inflation | 2.3               | 2.4               |
| Discount rate for scheme liabilities               | 1.9               | 2.8               |
| Inflation assumption (CPI)                         | 2.3               | 2.4               |
|  | <u>          </u> | <u>          </u> |

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

|                      | <b>2019</b>       | <b>2018</b>       |
|----------------------|-------------------|-------------------|
|                      | <b>Years</b>      | <b>Years</b>      |
| 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              |
|                      | <u>          </u> | <u>          </u> |

Scheme liabilities would have been affected by changes in assumptions as follows:

|                               | <b>2019</b>       |
|-------------------------------|-------------------|
| Discount rate + 0.1%          | (126)             |
| Discount rate - 0.1%          | 126               |
| Mortality assumption + 1 year | 188               |
| Mortality assumption - 1 year | (188)             |
| CPI rate + 0.1%               | 103               |
| CPI rate - 0.1%               | (103)             |
|                               | <u>          </u> |

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**19 Pension and similar obligations (Continued)**

| The academy trust's share of the assets in the scheme | <b>2019</b><br>Fair value<br>£'000 | <b>2018</b><br>Fair value<br>£'000 |
|---|------------------------------------|------------------------------------|
| Equities  | 1,278                              | 735                                |
| Bonds   | 1,176                              | 659                                |
| Property  | 227                                | 123                                |
| Other assets  | 45                                 | 15                                 |
|   | <u>2,726</u>                       | <u>1,532</u>                       |

The actual return on scheme assets was £158,000 (2018: £50,000).

| Amount recognised in the Statement of Financial Activities | <b>2019</b><br>£'000 | <b>2018</b><br>£'000 |
|--|----------------------|----------------------|
| Current service cost                                       | 242                  | 248                  |
| Past service cost  | 14                   | -                    |
| Interest income  | (47)                 | (35)                 |
| Interest cost  | 67                   | 54                   |
|  | <u>276</u>           | <u>267</u>           |

| Changes in the present value of defined benefit obligations | <b>2019</b><br>£'000 | <b>2018</b><br>£'000 |
|---|----------------------|----------------------|
| At 1 September 2018   | 2,167                | 2,040                |
| Obligations acquired on conversion                          | 1,504                | -                    |
| Current service cost  | 242                  | 248                  |
| Interest cost   | 67                   | 54                   |
| Employee contributions                                      | 34                   | 36                   |
| Actuarial loss/(gain)                                       | 683                  | (200)                |
| Benefits paid   | (9)                  | (11)                 |
| Past service cost   | 14                   | -                    |
|   | <u>4,702</u>         | <u>2,167</u>         |
| At 31 August 2019   | <u>4,702</u>         | <u>2,167</u>         |

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 19 Pension and similar obligations (Continued)

##### Changes in the fair value of the academy trust's share of scheme assets

|                               | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------------|---------------|---------------|
| At 1 September 2018           | 1,532         | 1,315         |
| Assets acquired on conversion | 855           | -             |
| Interest income               | 47            | 35            |
| Actuarial gain                | 111           | 15            |
| Employer contributions        | 156           | 142           |
| Employee contributions        | 34            | 36            |
| Benefits paid                 | (9)           | (11)          |
|                               | <hr/>         | <hr/>         |
| At 31 August 2019             | 2,726         | 1,532         |
|                               | <hr/> <hr/>   | <hr/> <hr/>   |

#### 20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 6,086         | (199)         |
| Adjusted for:  |               |               |
| Net surplus on conversion to academy   | (6,223)       | -             |
| Capital grants from DfE and other capital income   | (48)          | (104)         |
| Investment income receivable   | -             | (1)           |
| Defined benefit pension costs less contributions payable   | 100           | 106           |
| Defined benefit pension scheme finance cost  | 20            | 19            |
| Depreciation of tangible fixed assets  | 136           | 124           |
| (Increase)/decrease in debtors   | (346)         | 50            |
| Increase in creditors  | 89            | 61            |
| Stocks, debtors and creditors transferred on conversion  | 32            | -             |
|  | <hr/>         | <hr/>         |
| <b>Net cash (used in)/provided by operating activities</b>                                       | <b>(154)</b>  | <b>56</b>     |
|  | <hr/> <hr/>   | <hr/> <hr/>   |

#### 21 Contingent liabilities

In respect of the legal dispute referred to in previous financial statements of the Trust - the Trust and the complainants have decided that it would be in everybody's interest to resolve their disputes amicably and focus their attention on trying to rebuild a good neighbourly relationship. A settlement agreement has therefore been agreed between the parties and this matter no longer constitutes a contingent liability to the school or the Trust.

# CHESHIRE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 22 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

|                                   | <b>2019</b>         | <b>2018</b>          |
|-----------------------------------|---------------------|----------------------|
|                                   | <b>£'000</b>        | <b>£'000</b>         |
| Amounts due within one year       | 5,270               | 5,611                |
| Amounts due in two and five years | 2,041               | 5,272                |
|                                   | <u>7,311</u>        | <u>10,883</u>        |
|                                   | <u><u>7,311</u></u> | <u><u>10,883</u></u> |

#### 23 Related party transactions

Owing to the nature of the academy trust, in particular the Teaching School activities, and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

#### 24 Members' liability

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

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

| 25 Teaching school trading account                | 2019       |              | 2018       |              |
|---|------------|--------------|------------|--------------|
|   | £'000      | £'000        | £'000      | £'000        |
| <b>Direct income</b>                              |            |              |            |              |
| Other direct income                               |            | 232          |            | 199          |
| <b>Direct costs</b>                               |            |              |            |              |
| Direct staff costs                                | 27         |              | 32         |              |
| Educational supplies and services                 | 1          |              | -          |              |
| Educational consultancy                           | 70         |              | 24         |              |
|   | <u>98</u>  |              | <u>56</u>  |              |
| <b>Other costs</b>                                |            |              |            |              |
| Support staff costs                               | 30         |              | 28         |              |
| Technology costs                                  | 1          |              | 1          |              |
| Maintenance of premises and equipment             | 2          |              | -          |              |
| Transport   | 1          |              | -          |              |
| Other support costs                               | 80         |              | 130        |              |
|   | <u>114</u> |              | <u>159</u> |              |
| <b>Total expenditure</b>                          |            | <u>(212)</u> |            | <u>(215)</u> |
| <b>Surplus/(deficit) from all sources</b>         |            | 20           |            | (16)         |
| Teaching school balances at 1 September 2018      |            | <u>129</u>   |            | <u>145</u>   |
| <b>Teaching school balances at 31 August 2019</b> |            | <u>149</u>   |            | <u>129</u>   |

**26 Conversion to an academy**

On 1 August 2019 Bexton Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cheshire Academies Trust from the Cheshire East Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

| Academy               | Location  | Date of conversion |
|-----------------------|-----------|--------------------|
| Bexton Primary School | Knutsford | 1 August 2019      |

**CHESHIRE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**26 Conversion to an academy**

**(Continued)**

|  |                       |
|--|-----------------------|
| <b>Net assets transferred:</b>                       | <b>2019<br/>£'000</b> |
| Freehold land and buildings                          | 6,540                 |
| Other tangible fixed assets                          | 8                     |
| Cash   | 292                   |
| Pension scheme deficit                               | (649)                 |
| Cash transferred on conversion of Kelsall Pre School | 32                    |
|  | <u>6,223</u>          |

|   | <b>Unrestricted<br/>Funds<br/>£'000</b> | <b>Restricted funds:<br/>General      Fixed asset<br/>£'000      £'000</b> |                     | <b>Total<br/>2019<br/>£'000</b> |
|---|---|--|---------------------|---------------------------------|
| <b>Funds surplus/(deficit) transferred:</b> |   |  |                     |                                 |
| Fixed assets funds                          | -                                       | -  | 6,548               | 6,548                           |
| LA budget funds                             | -                                       | 324  | -                   | 324                             |
| LGPS pension funds                          | -                                       | (649)  | -                   | (649)                           |
|   | <u>-</u>                                | <u>(325)</u>   | <u>6,548</u>        | <u>6,223</u>                    |
|   | <u><u>-</u></u>                         | <u><u>(325)</u></u>  | <u><u>6,548</u></u> | <u><u>6,223</u></u>             |