

Company Limited by Guarantee: registration number 6929486 (England and Wales)

University of Chester Academies Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2012

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University of Chester Academies Trust

Financial Statements for the year ended 31 August 2012

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University of Chester Academies Trust

Reference and Administrative Details

Trustees:

Professor Timothy J Wheeler
Ms Anna Sutton
Dr Colin Hankinson
Canon Jeffery Turnbull

Board of Directors:

The Board comprises the following individuals:-

Professor Timothy J Wheeler	Chair	
Ms Anna Sutton	Vice Chair	
Canon Jeffery Turnbull	Sponsor Appointment	
Colin Hankinson	Virtue of Chief Executive Officer	
Linda Rowe	Sponsor Appointment	
Professor David Cracknell	Staff Director	Appointed 03/07/12
James Burke OBE	Staff Director	Appointed 03/07/12
Rt Rev Dr Peter Forster	Chair of Governors UCEA	Appointed 03/07/12
Mr Mark Clayton	Chair of Governors UCAN	Appointed 03/07/12
Ms Catherine Anderson	Chair of Governors UAL	Appointed 03/07/12
Nicholas Page	Co-optee	Appointed 03/07/12
Chris Ramsey	Co-optee	Appointed 03/07/12
Tricia Sterling	Sponsor Appointment	Appointed 25/09/12
Professor Michael Thomas	Sponsor Appointment	Appointed 25/09/12
Ronald Woodcock	Sponsor Appointment	Appointed 25/09/12
Andrew Hamill	Sponsor Appointment	Appointed 25/09/12
David Cumberland	Sponsor Appointment	Appointed 25/09/12
Andrew Hollinshead	Parent Governor	Appointed 25/09/12
Vacancy	Parent Governor	
Company Secretary	John Stevens	Resigned 03/07/12
	Kathryn Foreman	Appointed 03/07/12

Senior Management Team – UCAT

Chief Executive	Colin Hankinson
Director of Education	Jim Burke
Director of Operations	Jan McKay
Director of Finance	Eddie Austin
Director of Communications	Lindsay Pilling

Company Registration Number 06929486 (England and Wales)

Registered Office:
Room 209
Riverside Building
Castle Drive
Chester
UK
CH1 1SL

Principal Office: As above

University of Chester Academies Trust

Reference and Administrative Details (con'd)

Independent Auditor: Baker Tilly UK Audit LLP
Steam Mill
Chester
Cheshire
CH3 5AN

Bankers: Co-operative Bank plc
Lyceum Building
1 Bold Street
Liverpool
L1 2NW

University of Chester Academies Trust

Trustees Report

The Trustees of the University of Chester Academies Trust, who are also directors of the Trust for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2012

Constitution and Principal Activities

The Trust is a company limited by guarantee (Company registration number 06929486) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy and were set up in November 2011 as amended on 15/06/2012. All of the trustees are also directors of the limited company.

Members of the Trust are nominated by either the Secretary of State for the Department of Education or the principal sponsor the University of Chester. The company's articles of association set out the categories of Director of the Company and the process for their appointment.

The 'funding agreement' was executed and delivered as a deed in November 2011 and signed by the Trust and the Secretary of State for Education. The funding agreement specifies the roles and responsibilities of each of the Trust and the Secretary of State in developing and maintaining academies within the Trust. There are also the Supplementary Funding Agreement in relation to each Academy.

The principal activity of the charitable company was to establish, maintain, carry on, manage and develop schools offering a broad and balanced curriculum.

Members' liability

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

Governance

Trustees are directors of the charitable company for the purposes of the company law and Trustees for the purposes of charity legislation.

Details of the Trustees and Governors who served throughout the relevant period and were in office at 31 August 2012, are included in the Reference and Administration Details on Page 2.

All of the Directors are appointed in accordance with the process for appointment within the Articles of Association. A programme of induction for new Directors and Governors of individual Academies is currently under development. However the first sessions of training for Governor's has been delivered over the past two months including, Public Sector Equality Duty, Freedom of Information, Data Protection and Risk Management.

In accordance with normal commercial practice and the specific enabling provisions within its Articles of Association, the Trust is purchasing insurance to protect trustees, directors and relevant officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

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Organisational structure

A detailed scheme of Roles, Responsibilities and Delegated Powers was prepared during this period and approved and implemented shortly afterwards

This details the organisational structure for Board of Trustees/Directors through the Chief Executive and other key officers to local Academy Principals and Governing Bodies. In reality, this means that the UCAT Board determines UCAT wide policy and budgets and monitors its implementation and Local Governing Bodies make any local variations to policy and hold the Principal to account along with the UCAT Senior Leadership Team

Risk Management

The Board of Directors has in place a process for the assessment of risk. A risk register has been completed and the risks are reviewed termly by the Board and weekly by the senior leadership team. Systems and processes are in place to mitigate any significant risks identified. These arrangements are replicated at local level with each of UCATs Academies assessing risks and operating a risk register which is overseen and monitored on a termly basis by the Local Governing Body.

Connected Organisations

The sponsor of UCAT is the University of Chester, UCAT sponsors 4 Secondary Academies and a Free School and also co-sponsors the Winsford E-Act Academy and the Ormiston Bolingbroke Academy (as a minor sponsor) and is the lead sponsor of UAB. In reality, this means that UCAT provide the bulk of the support services and advice and monitoring of school standards at UAB.

Objectives and Activities

The principle object and activity of the charitable company is the sponsorship, establishment, maintenance and development of a number of Academies and Free Schools to provide education for students of different abilities between the ages of 4 and 18, offering a broad and balanced curriculum.

In setting our objectives and planning our activities the Trust have given careful consideration to the Charity Commission's general guidance on public benefit.

The main objective of the Trust during the year ending 31 August 2012 was to enhance the educational experience and attainment of all students at UCAT Academies and to bring more Academies into the Trust.

Strategies and Activities

The Trust's strategy is encompassed by the following beliefs:

- We exist to transform young lives through the power of education and we will do that by providing the best educational opportunities for students so they may lead happy and fulfilling lives with high aspirations for their future.
- We are committed to developing a family of Academies with a collaborative learning culture which provides the very best for every student.
- To provide a framework and transformational network of expert support and guidance so that every member of the UCAT family becomes an outstanding place for learning and teaching.
- Our transformational approach is underpinned by our clear vision and ethos exemplified by our three pillars of learning:
 - Believe
 - Belong
 - Become
- This approach
 - Enables individuals to believe in themselves and their ability and believe in each other,

University of Chester Academies Trust

- Cultivates within our students and staff a true sense of belonging to our Academy family and the whole community,
- Unlocks each individual's potential through breaking down barriers to learning so every young person has the chance to become all they can be
- Our ethos is based upon quality and putting students at the heart Our values overlaying the three pillars are
 - Continuous improvement,
 - High expectations, and
 - Raising aspiration

Equal Opportunities

UCAT complies with all relevant legislation, including the Equalities Act 2010, which covers disabled persons amongst other protected characteristics The Trust is fully committed to the need to have due regard to its Public Sector Equality Duty in all of its planning, policy making and decision making It has ensured that at all key meetings of the Board, Local Governing Bodies and Senior Leadership Meetings, all matters under discussion will take equality considerations into account Furthermore, it has determined and published its 2012 – 2016 Equality aims as follows

Objective 1 - Aim By 2016 all Governing Body Members and employees will receive adequate training in Equality and Diversity

Expected Outcome Will increase staff understanding of equality and its implications on a day-to-day basis, and in this way to reduce or remove inequalities in attainment throughout the school, particularly inequalities relating to the protected characteristics listed in the Equality Act 2010

Objective 2 - Aim By 2016 to have taken positive steps to encourage applications for staff posts from people reflective of the diversity of the students and the communities from which they draw

Expected Outcome An increasingly diverse leadership team drawn from across the Trust

Objective 3 - Aim Narrow the gap between boys and girls in terms of expected progress and achievement in English and maths

Outcome From 2013 in each of our academies the gap narrows in terms of expected progress made by boys and girls to be less than the national average

Objective 4 - Aim Foster good relations and understanding between different communities of students within our academies

Outcome By 2014 we can evidence a decrease in the number of reported incidents of bullying and racial discrimination

Public Benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties

Review of Achievements and Performance for the Year

The Trust has already demonstrated a significant impact In 2012, UCAT's Academies saw a rise in the percentage of students achieving five GCSE A* – C grades, including English and Mathematics On average an improvement of 6% points since 2011 (8.6% including the soon to be opened University Academy Warrington) University of Chester Academy Northwich has improved 14% points since 2011 and results at the University Church of England Academy at Ellesmere Port have nearly doubled since its opening 3 years ago The University Academy in Liverpool saw an 8% point rise

University of Chester Academies Trust

These results represent an enormous achievement for all the students and staff involved and they show the world that our new Academies are already making a real impact on educational achievement and aspiration for young people. These results are a step closer to bridging the attainment gap so that children, regardless of their birth, have an equal opportunity to become all they can be.

Our links with the University of Chester mean that we are uniquely placed to offer our students the opportunities and guidance to support them in their career planning from an early age through to college or university and a fulfilling life beyond.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in note 1.

Performance Indicators

The Trust is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence. The Trust is monitored through the completion and submission to the EFA:

- Annual Accounts Return
- Annual Budget Forecast
- Annual Financial Management and Governance Evaluation

Financial Review

Most of the Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE / EFA during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE / EFA. 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 the assets concerned.

At 31 August 2012 the net book value of fixed assets was £5,854,000 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academies within the Trust.

As reported last year, UCEA has a £100,000 Permanent Endowment from Cheshire West and Chester Council (the capital to remain untouched), with the interest arising available to be used for the benefit of the students.

Income in the year ended 31 August 2012 exceeded expenditure by £6,294,000, after taking into account depreciation of fixed assets of £428,000, the exceptional cost provisions of £477,000 and the additional exceptional item relating to the two Local Government Pension Funds liability transfer value of £651,000 following the conversion from the two predecessor schools to the Trust (see note 27).

University of Chester Academies Trust

Severance & enhanced pensions costs plus actuarially estimated deficit on the support staff defined benefit pension scheme) It should also be noted that actuarial losses on the defined benefit pension scheme of £ 677,000 have arisen in the year

The fund balances at 31 August 2012 comprised

Revenue Funds	£
Restricted funds	633,000
Unrestricted funds	-
Permanent Endowment funds	100,000
Restricted fixed asset funds	<u>6,644,000</u>
	<u>7,377,000</u>
 Pension Liabilities	
Support staff defined benefit scheme – actuarially calculated deficit	(1,805,000)
Provision for future enhanced pensions to former academic staff	<u>(208,000)</u>
	<u>(5,364,000)</u>

It should be noted that, as required by Financial Reporting Standard (FRS)17, provision has been made in the financial statements for the deficit identified in the recent actuarial valuation of the Local Government Defined Benefit Pension Scheme, to which a number of support staff are members. Details of the provision are given in Note 23 to the financial statements.

In addition, as required by Financial Reporting Standard (FRS)12, provision has also been made in the financial statements for the future actuarially calculated enhanced pension costs that University Church of England Academy is committed to in respect of a number of former academic staff. As detailed in Note 23 to the financial statements, the enhanced pensions are payable to the individuals concerned for the remainder of their lives, with the academy having a liability for the year ended 31 August 2012 of £9,138 in this regard.

The Trustees have reviewed the fund balances carried forward at 31 August 2012, together with the projected results for 2012/13 and the following four years, and confirm that it is appropriate for the financial statements to be drawn up on the going concern basis.

Reserves policy

All Unrestricted funds generated by the Academy in the year have been fully utilised and there were no Unrestricted reserves available to be carried forward at 31 August 2012. The Trustees have not yet laid down a policy on the appropriate level of free reserves (unrestricted funds) which are to be held.

Principal Risks and Uncertainties

The Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the Academies' assets and reputation.

A risk register is maintained at the Trust level which is reviewed at least termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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This is supported by a risk management training programme to raise awareness of risk throughout the Trust. In addition, the UCAT Board, at each of its meetings, is made aware of any "RED" risks on our Academies Risk Registers, and measures in place to counter these risks and monitoring of the effectiveness of these measures.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors beside those listed may also adversely affect the Trust.

1 Government funding

The Trust has considerable reliance on continued government funding through the EFA. In 2011/12, 96.9% of the Academy's revenue was ultimately public funded and this level of requirement is expected to continue. In addition, UCEA received £1,255,000 deficit funding in the period from the EFA with up to a further £214,000 approved in respect of 2012-2013. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA

2 Maintain adequate funding of pension liabilities

The financial statements report the share of the support staff defined benefit pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17.

Plans for Future Periods

The Trust and all of its Academies will continue striving to improve achievement and progress of the students. It will also ensure that our Academies impact positively within their respective communities and become the 'school of choice' for students in their area.

Over the forthcoming period the Trust's objectives are as follows:

Expansion - To expand UCAT's portfolio of academies both in terms of numbers and in terms of school type, age range and success/reputation to date.

Income Generation - To ensure that opportunities are exploited for income generation for both UCAT and the Faculty of Education, with particular emphasis on implementing the approved, revised management fees policy.

Continuous Improvement in Standards - To ensure that UCAT academies show year on year improvement in academic standards and non-educational measures, resulting in increased pupil numbers from becoming the 'school of choice' within their locality. As the UCAT portfolio of schools becomes more diverse, to involve more peer/peer support in this drive for improvement and decrease the reliance on the repeated engagement of consultants.

Development and Investment in the UCAT Family - To explore and action ways of attracting funds for UCAT via a mortgage, charitable donation or otherwise that would enable the enhancement of the UCAT student experience across the family. This may take the form of purchasing an outdoor pursuits centre, creating a UCAT boathouse and rowing facility and developing a range of enhanced facilities for the benefit of students, staff and the wider community.

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Structural Review to Ensure Sustainability - To restructure and supplement the UCAT central team to ensure sustainability of the current operation and to ensure capacity to deliver these objectives

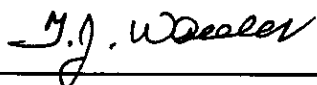
Basis of Preparation of Financial Statements and Accounting Policies and Practices

The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 and comply with the Charitable Company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005

So far as the Trustees are aware, the Trust has disclosed all relevant information to the financial statement auditors. The Trustees believe they have taken all the steps that they ought to make themselves aware of any information relevant to the audit and to establish that the financial statement auditors are aware of that information.

The financial statement auditors, Baker Tilly UK Audit LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The report of the Trustees was approved by the Trustees on 11 December 2012 and signed on their behalf by



Prof T J Wheeler
Chairman

University of Chester Academies Trust

Governance Statement Year ended 31 August 2012

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that the 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 trustees have delegated the day-to-day responsibility to the Chief Executive, Dr Colin Hankinson, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between UCEA, UCAN, UAL and the Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

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 control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees.

The Risk and Control Framework

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

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

The Board has considered the need for a specific internal audit function and has decided to appoint an internal auditor. However, at individual Academies a specific Governor has been named as a Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In each Academy the RO has reported to the Local Governing Body on the operation of the systems of control.

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Review of Effectiveness

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

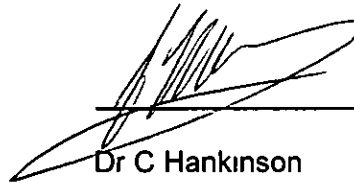
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the Board of Trustees on 11 December 2012 and signed on its behalf by



Prof T J Wheeler
Chairman



Dr C Hankinson
Accounting Officer

University of Chester Academies Trust

Statement on Regularity, Propriety and Compliance

Statement of Trustees' Responsibilities

The trustees (who are also the directors of UCAT, for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

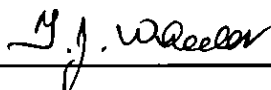
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the Board of Trustees on 11 December 2012 and signed on its behalf by



Prof T J Wheeler
Chairman

University of Chester Academies Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of University of Chester Academies Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook

I confirm that I and the Academy Trust Governing Body 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

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

A handwritten signature in black ink, appearing to read 'Colin Hankinson', is written over a horizontal line.

Colin Hankinson
Accounting Officer

University of Chester Academies Trust

Independent Auditor's Report to the members of University of Chester Academies Trust Year Ending on 31 August 2012

We have audited the financial statements of University of Chester Academies Trust for the year ended 31 August 2012 on pages 16 to 44. The financial framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

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.

Respective responsibilities of trustees' and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 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 Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

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Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

ROGER DAVIES BA FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Steam Mill
Chester
CH3 5AN

31st December 2012

University of Chester Academies Trust

Statement of Financial Activities for the year ended 31 August 2012

(including Income and Expenditure Account & Statement of Total Recognised Gains and Losses)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total 2012	Total 2011
	Note	£000	£000	£000	£000	£000	£000
Incoming resources							
Incoming resources from generated funds							
- Voluntary income	3	-	127	5,341	-	5,468	-
- Activities for generating funds	4	86	560	-	-	646	448
Investment income	5	8	-	-	-	8	3
Incoming resources from charitable activities							
- Funding for the Academy's educational operations	6	-	13,631	1,352	-	14,983	8,800
Total incoming resources		94	14,318	6,693	-	21,105	9,251
Resources expended							
Costs of generating funds	7	-	-	-	-	-	1
Charitable activities							
- Academy's educational operations	7	32	13,008	516	-	13,556	9,711
Exceptional costs	10	-	477	-	-	477	181
Governance costs	9	-	127	-	-	127	31
Transfer From LA on Conversion	27	-	651	-	-	651	-
Total resources expended	7	32	14,263	516	-	14,811	9,924
Net incoming resources before transfers		62	55	6,177	-	6,294	(673)
Gross transfers between funds	17	(62)	62	-	-	-	-
Net income / (expenditure) for the year		-	117	6,177	-	6,294	(673)
Other recognised gains and losses							
Actuarial (losses) / gains on defined benefit pension schemes	17 / 23	-	(677)	-	-	(677)	695
Actuarial (losses) / gains on Enhanced Pensions			(2)			(2)	
Net movement in funds		-	(562)	6,177	-	5,615	22
Reconciliation of Funds							
Funds brought forward at 1 September 2012		-	(818)	467	100	(251)	(273)
Funds carried forward at 31 August 2012		-	(1,380)	6,644	100	5,364	(251)

University of Chester Academies Trust

Statement of Financial Activities for the year ended 31 August 2012 (cont'd)

All of the Academy's activities derived from continuing operations during the above two financial periods. Activities relating to University of Chester Academy Northwich and University Academy Liverpool derived from acquisitions in the current financial period (see note 27)

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

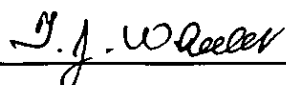
University of Chester Academies Trust

Balance Sheet as at 31 August 2012

(Charitable Company No 6929486)

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	14	5,854	387
Long Term Deposit	18	100	100
Current assets			
Debtors	15	1,331	524
Cash at bank and in hand		3,010	480
		<u>4,341</u>	<u>1,004</u>
Creditors: amounts falling due within one year			
	16	<u>(2,927)</u>	<u>(1,113)</u>
Net current assets / (liabilities)		<u>1,414</u>	<u>(109)</u>
Net assets excluding pension liability		<u>7,368</u>	<u>378</u>
Pension scheme liability (support staff defined benefit scheme)	23	(1,805)	(434)
Provision for future enhanced pensions	23	(199)	(195)
Net assets / (liabilities), including pension liabilities		<u>5,364</u>	<u>(251)</u>
Funds of the Academy:			
Endowment funds	17/18	100	100
Restricted funds			
Restricted Fixed Asset fund	17	6,644	467
Restricted General fund	17	633	(180)
Pension reserve	17/23	(1,805)	(434)
Provision for future pensions	17/23	<u>(208)</u>	<u>(204)</u>
		5,264	(351)
Unrestricted General funds	17	-	-
		<u>5,364</u>	<u>(251)</u>

The financial statements on pages 17 to 45 were approved by the Board of Trustees, and authorised for issue on 11 December 2012 and are signed on their behalf by



Prof T J Wheeler
Chairman

University of Chester Academies Trust

Cash Flow Statement for the year ended 31 August 2012

	2012 £000	2011 £000
Operating activities		
Net expenditure for year	6,294	(673)
Donated fixed assets	(5,341)	-
Cash transferred on Conversion	(127)	
Depreciation (note 14)	428	344
Capital grants from DfE / EFA & others	(1,352)	(97)
Interest receivable (note 5)	(8)	(3)
LGPS deficit on conversion (note 23)	651	-
FRS 17 pension cost less contributions payable (note 23)	24	9
FRS 17 pension finance cost predecessor school surplus (note 23)	19	27
Enhanced pension provision	(4)	14
Increase in debtors	(807)	(76)
Decrease in creditors	1,814	(699)
Net cash inflow / (outflow) from operating activities	1,591	(1,154)
Returns on investments and servicing of finance		
Interest received	8	1
Capital expenditure and financial investment		
Monies placed on long term deposit	-	(100)
Purchase of tangible fixed assets	(554)	(69)
Capital grants from DfE / EFA	1,352	76
Other capital grants received		21
Receipts from sale of tangible fixed assets	-	-
	798	(72)
Cash transferred on Conversion to an Academy Trust	127	-
Increase / (Decrease) in bank & cash	2,524	(1,225)
Reconciliation of net cash flow to movement in net funds		
Net Funds at 1 September 2011	480	1,705
Net funds at 31 August 2012	3,004	480

Analysis in Changes in Funds	2011 £000	Cash Flow £000	Other £000	2012 £000
Cash at Bank and in Hand	480	2,530	-	3,010

UNIVERSITY OF CHESTER ACADEMIES TRUST

1 Accounting Policies

1.1 Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with applicable UK Accounting Standards, the Charity Commission "Statement of Recommended Practice Accounting and Reporting by Charities" ("SORP 2005"), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. The accounts include the Permanent Endowment funds received from Cheshire West and Chester Council which are incorporated in a separate registered charity set up for this purpose, Registered Charity Number 1133090.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Conversion to Academy

"The assets and liabilities transferred on conversion from Rudheath Community School and Shorefields Technology College both to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Coketown Academy Trust Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as [net income / net expenditure] in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27."

1.3 Going Concern

The trustees assess whether the use of the going concern basis is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment on a regular basis and at each year end.

At the balance sheet date the Trust had net assets of £ 5,364,000 after providing for long term commitments of £1,805,000 in respect of the non-teaching defined benefit scheme and £199,451 in respect of future pensions, with £9138 enhanced pensions due to former employees. The trust had net current assets of £1,414,000 at 31 August 2012.

The trustees have reviewed the fund balances at 31 August 2012 in association with the recovery plan and cash flow forecasts for 2012/13 & future years, and consider it appropriate for the financial statements to be drawn up on the going concern basis.

1.4 Fund Accounting

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

Restricted fixed asset funds are resources which are applied to specific capital purposes imposed by EFA/DfE and Sponsors where the asset acquired is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from EFA/DfE.

The capital of the Permanent Endowment funds received from a sponsor must remain untouched, with the interest arising being used for the benefit of the students of the Academy.

UNIVERSITY OF CHESTER ACADEMIES TRUST

1.5 Incoming resources

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

1.5.1 Grants receivable

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

1.5.2 Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

1.5.3 Donations

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

1.5.4 Donated services and gifts in kind

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

1.5.5 Other income

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

1.6 Resources expended

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

Cost of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

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

UNIVERSITY OF CHESTER ACADEMIES TRUST

Governance costs

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

All resources expended are stated inclusive of any irrecoverable VAT

1.7 Tangible fixed assets

Assets costing £2,500 or more 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 the private sector, they are included in the Balance Sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Freehold Land and Buildings	2%
Long leasehold property	2%
Furniture and equipment	25%
Computer equipment	25%
Motor Vehicles	33%

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

1.8 PFI Agreement

The Academy occupies buildings which are owned by Liverpool City Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of the facilities management. The contract will expire in the year 2031. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's balance sheet. The revenue payment is recognised in the SOFA.

Where the Academy procures and pays for additional furniture or equipment or changes to the building, the costs are capitalised and depreciated in accordance with the tangible fixed asset policy above.

1.9 Leased School Buildings

The Academy occupies leased school buildings over a fixed term, for a peppercorn rental, giving rights approximating to ownership. The buildings are therefore transferred to the Academy and capitalised at depreciated replacement value.

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.

UNIVERSITY OF CHESTER ACADEMIES TRUST

1.11 Leased assets

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

1.12 Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method As stated in note 23, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

Non teaching members of staff are offered membership of the Local Government Pension Scheme The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments, they are included in staff costs Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested The expected return on assets and the interest costs are shown as a net finance amount in Resources Expended Actuarial gains and losses are recognised immediately in Other Gains and Losses

1.13 Enhanced Pensions

The cost of ongoing enhanced pensions to former members of staff are paid by the Academy annually and, as detailed in note 23, a provision is made at each balance sheet date for the actuarially estimated future cost of such pension enhancements The movement in the provision arising from the annual reassessment is reflected in the Statement of Financial Activities

UNIVERSITY OF CHESTER ACADEMIES TRUST

2a General Annual Grant (GAG) - UCAN

Results and Carry Forward for the Year	2012 £000	2011 £000
GAG balance brought forward from previous year	-	-
GAG allocation for current year	2,202	-
Total GAG available to spend	2,202	-
Recurrent expenditure from GAG	(2,049)	-
Fixed assets purchased from GAG	-	-
GAG carried forward to next year	153	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	264	-
GAG to surrender to DfE	-	-
(12% rule breached if result is positive)	(No breach)	(No breach)

2b General Annual Grant (GAG) - UAL

Results and Carry Forward for the Year	2012 £000	2011 £000
GAG balance brought forward from previous year	-	-
GAG allocation for current year	1,366	-
Total GAG available to spend	1,366	-
Recurrent expenditure from GAG	(1,313)	-
Fixed assets purchased from GAG	-	-
GAG carried forward to next year	53	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	164	-
GAG to surrender to DfE	-	-
(12% rule breached if result is positive)	(No breach)	(No breach)

UNIVERSITY OF CHESTER ACADEMIES TRUST

General Annual Grant (GAG) - UCEA

Results and Carry Forward for the Year	2012 £000	2011 £000
GAG balance brought forward from previous year	-	100
GAG allocation for current year	6,618	6,844
Total GAG available to spend	6,618	6,944
Recurrent expenditure from GAG	(6,618)	(6,944)
Fixed assets purchased from GAG	-	-
GAG carried forward to next year	-	-
 Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	 (794)	 (821)
 GAG to surrender to DfE	 -	 -
 (12% rule breached if result is positive)	 (No breach)	 (No breach)
 Use of GAG brought forward from previous year for Recurrent purposes (of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	6,618	6,944
GAG allocation for current year	(6,618)	(6,844)
GAG allocation for previous year x 2%	(137)	(144)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)	(137) (No breach)	(44) (No breach)

Voluntary Income	2012 £000	2011 £000
Donation of Leasehold Land & Buildings from Predecessor School	5,341	-
Transfer of Funds from LA on Conversion	127	-
	5,468	-

UNIVERSITY OF CHESTER ACADEMIES TRUST

4 Activities for Generating Funds

	2012 £000	2011 £000
Unrestricted Graduate training income	57	11
Trips Uniform Lettings	29	
Restricted Catering income	76	24
Sports Centre income	78	83
Rents, Supply insurance recoveries & other income	181	233
Management Fee	225	97
	<u>646</u>	<u>448</u>

5 Investment Income

	2012 £000	2011 £000
Short term deposits	5	3
Bank Interest	3	-
	<u>8</u>	<u>3</u>

6 Funding for Academy's Educational Operations

	2012 £000	2011 £000
DfE / EFA revenue grants		
General Annual Grant (GAG) - note 2	10,186	6,844
Start Up Grants	621	619
Other DfE / EFA grants	2,135	430
	<u>12,942</u>	<u>7,893</u>
Other Government revenue grants		
Standards Fund grants from Local authority	592	333
Other grants	97	477
	<u>689</u>	<u>810</u>
Other revenue grants	-	-
	<u>13,631</u>	<u>8,703</u>
Capital grants		
DfE / EFA Formula Capital Grant	23	76
DCSF Capital Grant	1,270	21
Capital Grant Devolved	59	-
	<u>1,352</u>	<u>97</u>
Total	<u>14,983</u>	<u>8,800</u>

UNIVERSITY OF CHESTER ACADEMIES TRUST

7 Resources Expended

	Staff costs £000	Premises costs £000	Other costs £000	Total 2012 £000	Total 2011 £000
Costs of generating funds	-	-	-	-	1
Academy's educational operations					
Direct costs	7,135	349	1,282	8,766	6,873
Allocated support costs	2,194	1,000	1,596	4,790	2,838
	<u>9,329</u>	<u>1,349</u>	<u>2,878</u>	<u>13,556</u>	<u>9,711</u>
Governance costs including allocated support costs	12	-	115	127	31
Pension Deficit transfer From LA on Conversion (Note 26)	-	-	651	651	-
Exceptional Pension & severance costs (note 10)	477	-	-	477	181
	<u>9,818</u>	<u>1,349</u>	<u>3,644</u>	<u>14,811</u>	<u>9,924</u>

Incoming/ outgoing resources for the year include

	2012 £000	2011 £000
Operating lease costs	31	50
Fees payable to auditor - re audit	27	13
- re other services	<u>2</u>	<u>2</u>

UNIVERSITY OF CHESTER ACADEMIES TRUST

8 Charitable Activities - Academy's Educational Operations

	2012 £000	2011 £000
Direct costs		
Teaching and educational support staff costs	7,135	5,426
Depreciation (restricted fixed asset fund)	357	275
Educational supplies	365	699
Examination fees	203	143
Staff development	52	37
Educational consultancy	399	235
Other direct costs	103	58
New Academy Set Up Costs	152	-
	<u>8,766</u>	<u>6,873</u>
Allocated support costs		
Support staff costs	2,194	1,207
Depreciation (restricted fixed asset fund)	76	69
Uniform costs	57	-
Maintenance of premises and equipment	234	171
Cleaning	288	261
PFI Unitary Charge	220	-
Water & business rates	96	124
Energy	365	300
Insurance, including supply cover	124	103
Transport, including inter campus travel	213	246
Catering	119	112
Bank interest and charges	2	1
Other support costs	772	339
VAT recovered (1/4/11 onward)	-	(95)
FRS17 Pension Interest Charges	19	-
Enhanced Pension – Interest Charge	11	-
	<u>4,790</u>	<u>2,838</u>
	<u>13,556</u>	<u>9,711</u>

9 Governance costs

	2012 £000	2011 £000
Support Costs – staff costs	12	12
– other costs	6	6
Audit fees - audit of financial statements	29	13
Legal Costs – Framework Consultants	80	-
	<u>127</u>	<u>31</u>

UNIVERSITY OF CHESTER ACADEMIES TRUST

10 Exceptional Pension & other costs

	2012 £000	2011 £000
LGPS Defined Benefit Scheme		
- Current	-	1
- Past	-	8
- Interest	-	27
Restructuring costs		
Severance payments	477	131
Enhanced pension liabilities - current year	-	-
- estimated future annual payments	-	14
	<u>477</u>	<u>181</u>

11 Staff costs

Staff costs during the period were

	2012 £000	2011 £000
Wages and salaries	7,579	5,384
Social security costs	580	408
Pension costs	986	749
	<u>9,145</u>	<u>6,541</u>
Supply staff costs	184	104
	<u>9,329</u>	<u>6,645</u>
Exceptional Item – Redundancy	477	181
	<u>9,806</u>	<u>6,826</u>
Total Staff Costs	9,806	6,826

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows

	2012 No.	2011 No.
Charitable Activities		
Teachers	157	86
Educational Support, Premises and Administration	146	84
Management	22	-
	<u>325</u>	<u>170</u>

UNIVERSITY OF CHESTER ACADEMIES TRUST

The number of employees whose emoluments fell within the following bands was.

	2012	2011
£ 60,001 - £ 70,000	6	3
£ 70,001 - £ 80,000	1	-
£ 80,001 - £ 90,000	1	-
£ 90,001 - £100,000	-	-
£110,001 - £120,000	2	1

The employees within the University of Chester Academy Northwich and the employees within University Academy Liverpool who were conversion academies during the year have had their emoluments prorated to full year for inclusion in the above bandings

Seven of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, employer pension contributions for these staff amounted to £49,814. One other employee participated in the Local Government Pension Scheme with employer pension contributions amounting to £10,802.

12 Trustees' and Governors' remuneration and expenses

The Chief Executive, Principals and staff governors only receive remuneration in respect of the services they provide undertaking the roles of Chief Executive, Principal and staff and not in respect of their services as governors. Other trustees and governors did not receive any payments, or reimbursed expenses, from the Trust or the Academies in respect of their roles as governors.

The value of the Chief Executive's remuneration was £67,449 in 2012 (2011: £nil) with the value of the three academy Principals' remuneration being £196,016, the University of Chester Academy Northwich and the University of Liverpool being only part year following conversion (2011: £111,108 relating to University Church Of England Academy only).

13 Trustees', Governors' and Officers' Insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2m on any one claim and the cost for the year ended 31 August 2012 was £2,380 (2011: £1,225). The cost of this insurance is included in the total insurance cost. As the newly converted Academies only incurred a part year charge, the potential annual cost for a fully year would be £3058.

UNIVERSITY OF CHESTER ACADEMIES TRUST

14 Tangible Fixed Assets

	Assets under Construction	Leasehold buildings	Furniture and equipment	Computer equipment	Total
	£000	£000	£000	£000	£000
Cost					
Brought forward	-	-	649	413	1,062
Additions	488	-	30	36	554
Transferred on conversion	-	5,341	-	-	5,341
At 31 August 2012	488	5,341	679	449	6,957
Depreciation					
Brought forward	-	-	417	258	675
Charged in year	-	71	217	140	428
Disposals	-	-	-	-	-
At 31 August 2012	-	71	634	398	1,103
Net book values					
At 31 August 2012	488	5,270	45	51	5,854
At 31 August 2011	-	-	232	155	387

Donated Assets

The value of the assets donated from predecessor schools to University Church of England Academy were being written off over a three year period, and as at 31 August 2012 there is a £40,000 net book value remaining until the opening of the new building

School buildings amounting to £5,340,725 have been transferred from the local authority on conversion to Academy status. The buildings are leased from Cheshire West and Chester Local Authority over a 125 year term, for a peppercorn rental, giving rights approximating to ownership. The buildings have therefore been transferred to the Academy and capitalised at depreciated replacement value as valued by DTZ on behalf of the Education funding Agency.

UNIVERSITY OF CHESTER ACADEMIES TRUST

15 Debtors

	2012 £000	2011 £000
Trade Debtors	90	-
Prepayments	49	30
Accrued Income	8	-
Other Debtors – related party (note 24)	-	116
- others	80	135
Other taxation – VAT recoverable	385	97
DfE / EFA other grants receivable	94	31
Other grants receivable	625	115
	<u>1,331</u>	<u>524</u>

16 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	836	92
Other Creditors	-	-
EFA - GAG VAT repayable	-	101
EFA - GAG repayable	580	244
Payroll creditors	385	228
Severance costs	455	131
Enhanced pension costs	9	37
School Sports funding received in advance	121	110
Accrued expenditure	481	139
Deferred income	34	31
Amounts Due to EFA	26	-
	<u>2,927</u>	<u>1,113</u>

The University Church of England Academy previously acted as host school for the School Sports Partnership (which ceased on 31 August 2011) the balance of £120,938 is carried at 31 August 2012 to match future planned expenditure

UNIVERSITY OF CHESTER ACADEMIES TRUST

17

Funds

	Balance brought forward £000	Incoming Resources £000	Resources expended £000	Gains losses & transfers £000	Balance at 31 August 2012 £000
Restricted General Funds					
General Annual Grant (GAG)	-	10,186	(9,980)	-	206
Start Up Grants	-	621	(194)	-	427
Other DfE/ EFA grants	-	2,135	(2,135)	-	-
Standards Funds Grant	-	592	(592)	-	-
Other Government grants	-	97	(97)	-	-
Other income	(180)	560	(442)	62	-
Transfer from LA on conversion	-	127	(127)	-	-
	(180)	14,318	(13,567)	62	633
Restricted fixed asset funds					
DfE / EFA capital grants	130	1,352	(108)	-	1,374
Capital expenditure from GAG	18	-	(18)	-	-
Donated fixed assets	319	-	(319)	-	-
Transfer of L & B on conversion	-	5,341	(71)	-	5,270
	467	6,693	(516)	-	6,644
Restricted Pension reserve	(434)	-	(694)	(677)	(1,805)
Restricted future pension provision	(204)	-	(4)	-	(208)
Total restricted funds	(351)	21,011	(14,781)	(615)	5,264
Endowment funds	100	-	-	-	100
Unrestricted General funds	-	94	(32)	(62)	-
Total funds	(251)	21,105	(14,813)	(677)	5,364

The General Annual Grant must be used for the normal running costs within the Academy. Each Academy is allowed to carry forward up to 12% of the current GAG. Of any carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy but any balance over 2% must be used for capital purposes.

Start Up grants are provided to support transitional costs for a period after an Academy opens and to cover diseconomies of scale until an Academy reaches its pupil number capacity.

The DfE / EFA capital grants are provided by the Government for specific capital projects.

UNIVERSITY OF CHESTER ACADEMIES TRUST

18 Endowment Funds

A Permanent Endowment of £100,000 has been received from Cheshire West & Chester Council on behalf of the University Church of England Academy, Ellesmere Port - the capital to remain untouched - with the interest arising available to be used for the benefit of the students of the Academy. The funds are lodged in a bank account in the name of the separate Registered Charity (no 1133090) set up for this purpose.

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	96	-	96
Assets under construction	-	-	488	-	488
L & B Transferred on Conversion			5,270		5,270
Long term deposit				100	100
Current assets	-	3,551	790	-	4,341
Current liabilities	-	(2,927)	-	-	(2,927)
Pension scheme liabilities	-	(2,004)	-	-	(2,004)
	<u>-</u>	<u>(1,380)</u>	<u>6,644</u>	<u>100</u>	<u>5,364</u>

20 Capital commitments

	2012 £000	2011 £000
Contracted for but not provided for in the financial statements	1,861	nil
Authorised by Trustees but not yet contracted	<u>nil</u>	<u>nil</u>

The Trust have a capital commitment for the financial year 2012/13 in respect of the completion of the Partnership for Schools IT Project at University Church of England Academy. The funding received for the project has been declared in note 3. The costs incurred to date relating to this Project have been classified as assets under construction.

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21 Financial commitments - operating leases

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases, as follows

	2012 £ Land & Buildings PFI	2012 £ Equipment	2011 £ Land & Buildings PFI	2011 £ Equipment
Leases for equipment which expire				
Within one year	-	18,332	-	7,630
Within two to five years	-	37,471	-	34,361
Over five years	888,684	-	-	-

The short term leases are for photocopiers and general office equipment, whilst the long term commitment relates to the PFI agreement between the academy and Liverpool City Council. This agreement covers repairs and maintenance of both land and buildings as well as equipment, utility and management charges.

22 Contingent Liabilities

Funding agreement contingency.

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

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

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

23 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £124,843 were payable to the schemes at 31 August and are included within creditors.

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Ongoing commitment to enhanced pension payments to former academic staff:

As part of the staff restructuring in the previous year, which took place at the University Church of England Academy, an ongoing commitment has been taken on by the Academy to fund annual enhanced pension payments to former academic staff. The enhanced pension payments will be paid to the former staff members for the remainder of their lives and the amount paid for the year ended 31 August 2011 was £9,138.

The provision for future enhanced pension liabilities is reassessed at each balance sheet date and the movement required in the provision is reflected in the Statement of Financial Activities. The provision required at 31 August 2012 has increased to £208,586, of which £9,138 is included in creditors due within a year on the Balance Sheet and the balance of £199,448 being included in the over 1 year Provision for future pensions.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Local Government Pension Scheme

The Academies employ bodies within two Local Government Pension Scheme (LGPS), those being Cheshire Pension Fund and Mersey Pension Fund.

The LGPS is a funded defined benefits scheme with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the scheme was at 31 March 2010. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discounted rate calculated by reference to the expected future investment returns.

23 Pension and similar obligations

Local Government Pension Scheme

i) Cheshire Pension Fund

The total contributions made for the year ended 31 August 2012 amounted to £ 432,024 of which employer's contributions totalled £ 324,210 and employees' contributions totalled £ 107,813. The agreed employer's contribution rate was 16.8%, with employee contributions varying from 5.5% to 7.2%.

The last full actuarial valuation of the LGPS managed by Cheshire Pension Fund was as at March 2010 and the following information is based on an actuarial update valuation based on the position as at 31 August 2012.

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.5%	4.9%
Rate of increase in pensions	2.2%	2.6%
Discount rate for scheme liabilities	4.1%	5.4%
Expected return on assets	4.8%	6.1%

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

	2012	2011
Retiring today		
Male	22.9	22.9
Female	25.7	25.7
Retiring in 20 Years		
Male	24.9	24.9
Female	27.7	27.7

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Pension and similar obligations (cont'd)

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were

	Long term rate of return expected at 31 August 2012	Value at 31 August 2012	Long term rate of return expected at 31 August 2011	Value at 31 August 2011
		£000		£000
Equities	5.5%	2,871	6.8%	1,464
Government bonds	2.8%	607	4.6%	371
Property	3.7%	243	4.8%	175
Cash	2.8%	324	3.9%	175
Total fair value of assets		4,045		2,185
Present value of scheme liabilities		(5,601)		(2,619)
Scheme deficit		(1,556)		(434)

The overall expected rate of return is 4.77%

The estimated value of employer contributions for the year ended 31 August 2013 is £329,000

The amounts recognised in the Balance Sheet are as follows

	2012 £000	2011 £000	2010 £000
Fair value of scheme assets	4,045	2,185	1,817
Present value of funded obligations	(5,601)	(2,619)	(2,910)
(Deficit)	<u>1,556</u>	<u>(434)</u>	<u>(1,093)</u>

The comparative figures for 2011 and 2010 are for UCEA only

The LGPS obligation relates to the existing employees of the Academy Trust plus the employees transferred as part of the conversion from the maintained schools which took place in the year (see note 26). 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.

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Pension and similar obligations (cont'd)

Amounts recognised in the Statement of Financial activities

	2012 £000	2011 £000
Current service cost (net of employer contributions)	(21)	(1)
Past service costs	-	(8)
Total operating charge	<u>(21)</u>	<u>(9)</u>
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	185	120
Interest on pension liabilities	(201)	(147)
Pension finance income / (cost)	<u>(16)</u>	<u>(27)</u>
Other gains and losses		
Actuarial (losses) / gains	(675)	695
Total (cost) / gain	<u>(712)</u>	<u>659</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since adoption of FRS 17 is £139,000 loss.

Movements in the present value of the defined benefit obligation were as follows

	2012 £000	2011 £000
At 1 September	(2,619)	(2,910)
Transfer in on Conversion	(1,609)	-
Service cost	(314)	(261)
Interest cost	(201)	(147)
Past service cost	-	(8)
Actuarial gains	(790)	752
Member contributions	(108)	(83)
Benefits paid	40	38
At 31 August	<u>(5,601)</u>	<u>(2,619)</u>

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Pension and similar obligations (cont'd)

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

	2012 £000	2011 £000
At 1 September	2,185	1,817
Transfer in on Conversion	1,199	-
Expected return	185	120
Actuarial gains	115	(57)
Contributions by employer	293	260
Member contributions	108	83
Benefits/transfers paid	(40)	(38)
	<hr/>	<hr/>
At 31 August	4,045	2,185
	<hr/>	<hr/>

ii) Mersey Pension Fund

The total contributions made for the period 1st June until 31 August 2012, following the conversion to University Academy amounted to £ 9,406 of which employer's contributions totalled £ 6,417 and employees' contributions totalled £ 2,989. The agreed employer's contribution rate was 12%, with employee contributions varying from 5.9% to 6.5%.

The last full actuarial valuation of the LGPS was as at March 2010 and the following information is based on an actuarial update valuation based on the position as at 31 August 2012.

Principal Actuarial Assumptions

At 31 August 2012

Rate of increase in salaries	3.9%
Rate of increase in pensions	2.4%
Discount rate for scheme liabilities	4.7%
Expected return on assets	5.7%

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

	2012
Retiring today	
Male	21.8 years
Female	24.6 years
Retiring in 20 years	
Male	23.6 years
Female	26.5 years

UNIVERSITY OF CHESTER ACADEMIES TRUST

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were

	Long term rate of return expected at 31 August 2012	Value at 31 August 2012
Equities	7.0%	6
Government bonds	2.5%	2
Property	6.0%	1
Cash	0.5%	-
Other	7.0%	1
Total fair value of assets		10
Present value of scheme liabilities		(259)
Scheme surplus / (deficit)		(249)

The overall expected rate of return is 5.77%

The estimated value of employer contributions for the year ended 31 August 2013 is £33,000

The amounts recognised in the Balance Sheet are as follows

	2012
Fair value of scheme assets	10
Present value of funded obligations	(259)
Surplus/(Deficit)	(249)

Amounts recognised in the Statement of Financial activities

	2012 £000	2011 £000
Current service cost (net of employer contributions)	(3)	
Past service costs	-	(8)
Total operating charge	(3)	(9)
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	-	120
Interest on pension liabilities	(3)	(147)
Pension finance cost	(3)	(27)
Other gains and losses		
Actuarial losses	(2)	695
Total (cost) / gain	(8)	659

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Movements in the present value of the defined benefit obligation were as follows.

	2012
	£000
At 1 September	-
Transferred on Conversion	(241)
Service cost	(9)
Interest cost	(3)
Past service cost	-
Actuarial gains	(3)
Member contributions	(3)
Benefits paid	-
At 31 August	<u>(259)</u>

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

	2012
	£000
At 1 September	-
Expected return	-
Actuarial gains	1
Contributions by employer	6
Member contributions	3
Benefits/transfers paid	-
At 31 August	<u>10</u>

As described in Note 27, the LGPS obligation relates to the employees of the Academy Trust who were the employees transferred as part of the conversion from the maintained school, Shorefields Technology College. 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.

24 Related Party Transactions

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

The Trust is the lead sponsor for the University Academy of Birkenhead. During the period the Trust received income totalling £224,587 (2011: £116,339 of which £97,214 related to management fees) in respect of the management fee payable by University Academy of Birkenhead, the University of Chester. We paid a total of £427,315 for services received during the year (£143,715 was outstanding at 31 August 2012).

UNIVERSITY OF CHESTER ACADEMIES TRUST

Members' Liability

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

Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-18 Bursary Funds, in behalf of the EFA. In the year it received £35,163 and disbursed £8,987 with therefore an amount of £26,276 repayable to the EFA at 31 August 2012

Conversion to an Academy Trust

On the 1st January 2012 Rudheath Community High School converted to an academy trust status under the Academies Act 2010. All the operations and assets and liabilities were transferred to University of Chester Academy Northwich from the Cheshire West & Chester Local Authority for £nil consideration. The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised as net resources expended in the Statement of Financial Accounts as other resources in the balance sheet under the appropriate headings with a corresponding net amount expressed recognised.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	-	-	-
(Freehold/Leasehold) Land and Buildings	-	-	5,341	-	5,341
School Budget (surplus/deficit)	127	-	-	-	127
From Wirral Borough Council	-	-	-	-	-
LGPS Pension deficit	-	(410)	-	-	(410)
Other Identified Assets and liabilities	-	-	-	-	-
PFI	-	-	-	-	-
Net Assets / Liabilities	127	(410)	5,341	-	5,058

The above net assets include £127,073 that was transferred as cash

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27 Conversion to an Academy Trust (cont'd)

On the 1st June 2012 Shorefields Technology College converted to an academy trust status under the Academies Act 2010. All the operations and assets and liabilities were transferred to University Academy (in Liverpool) from the Liverpool City Council for £nil consideration. The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net resources expended in the Statement of Financial Accounts.

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	-	-	-
(Freehold/Leasehold)					
Land and Buildings	-	-	-	-	-
School Budget (surplus/deficit)	-	-	-	-	-
LGPS Pension deficit	-	(241)	-	-	(241)
Other Identified Assets and liabilities	-	-	-	-	-
PFI	-	-	-	-	-
Net Liabilities	<u>-</u>	<u>(241)</u>	<u>-</u>	<u>-</u>	<u>(241)</u>