

University of Chester Academies Trust

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 2015

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University of Chester Academies Trust
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

Contents

	Page
Reference and Administrative Details	3-4
Trustees' Report incorporating Strategic Report	5-14
Governance Statement	15-19
Statement of Trustees' Responsibilities	20
Statement on Regularity, Propriety and Compliance	21
Independent Auditor's Report	22-23
Statement of Financial Activities (incorporating Income & Expenditure Account)	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Financial Statements, including Accounting Policies	27-60
Independent Auditor's report on Regularity	61-62

University of Chester Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS

University of Chester Academies Trust, known as UCAT is an organisation incorporating the following academies:

University Church of England Academy, Ellesmere Port (UCEA)	
University of Chester Academy Northwich (UCAN)	
University Academy Liverpool (UAL)	(rebrokered 1 November 2015)
University Academy Warrington (UAW)	
University Academy Kidsgrove (UAK)	
University Cathedral Free School, Chester (UCFS)	
University Primary Academy Kidsgrove (UPAK)	
University Primary Academy Weaverham (UPAW)	

Board of Trustees: The Board comprises the following individuals who served during the year ended 31 August 2015:-

Professor Timothy J Wheeler	* Chair	Resigned 25/02/15
Ms Anna Sutton	* Vice Chair	Resigned 25/2/15
Canon Jeffery Turnbull	* Sponsor Appointment	Resigned 25/2/15
Professor David Cracknell OBE	Virtue of Managing Director Office	
Mr Robert Jones	* Appointed Chair 25/2/15	
Mr Chris Ramsey	Co-optee	
Ms Tricia Sterling	Sponsor Appointment	Resigned 19/02/15
Mr Annesley Wright	Co-optee	
Mr Ronald Woodcock	Sponsor Appointment	Resigned 22/02/15
Mr Andrew Hamill	Sponsor Appointment	Resigned 15/02/15
Mr David Cumberland	Sponsor Appointment	
Mr Andrew Hollinshead	Parent Governor	Resigned 17/07/15
Mr Robin Gill	Parent Governor	Appointed 16/06/15
Mr Peter Stokes	Co-optee	Resigned 16/06/15

***Members**

Professor Timothy J Wheeler		
Ms Anna Sutton		
Canon Jeffery Turnbull		
Mr Robert Jones	Virtue of Chair of Board Office	Appointed 25/02/15

Company Secretary

St Paul Secretaries

Senior Leadership Team – UCAT

Managing Director	Professor David Cracknell OBE	Resigned 31/08/15
Chief Executive Officer	Linda Rowe	Appointed 01/09/15
Chief Operations Officer	Jan McKay	
Director of Finance	Edward Austin	

University of Chester Academies Trust
REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 06929486 (England and Wales)

Registered Office: UCAT Academies
UCE Academy
164 Whitby Road
Ellesmere Port
Cheshire
CH65 6EA

Principal Office: As above.

Independent Auditor: RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Steam Mill
Chester
Cheshire
CH3 5AN

Internal Auditor: McLintocks Chartered Accountants & Business Advisors
2 Hillards Court
Chester Business Park
Chester
CH4 9PX

Solicitors: Hill Dickinson
No. 1 St Paul's Square
Liverpool
Merseyside
L3 9SJ

Bankers: Barclays Bank plc
30 St Werburgh Street
Chester
Cheshire
CH1 2DY

University of Chester Academies Trust

TRUSTEES' REPORT INCORPORATING STRATEGIC 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 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 in September 2014. All of the trustees are also directors of the limited company for the purposes of company law. The Trust operates 5 secondary academies, 2 primary academies and a free school in the North West of England. Its academies have a combined pupil capacity of 4,980 and had a roll of 3,490 in the October 2014 school census.

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, amended in line with the latest DfE model on 28th October 2014 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 Agreements in relation to each Academy.

The principal object and activity of the charitable company is more specifically 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.

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, and are also Governors of the Academy Trust. Details of the Trustees and Directors who served during the year ended 31 August 2015, are included in the Reference and Administration Details on Page 3.

All of the Trustees and Directors are appointed in accordance with the process for appointment within the Articles of Association. The Articles of Association of the Trust were amended in September 2014 and any new appointments of Directors will follow the requirements of the new Articles.

The Directors operating as the Trust Board have developed a detailed scheme of Delegation which assigns responsibility for decision making across the Trusts activities. During the year to 31 August 2015, this specifically included delegation to Statement of Action Committees at each academy.

Following the issue of a pre-warning notice from the Department for Education in 2013 the Trust was required to take action to tighten lines of accountability and therefore its governance arrangements are subject to regular formal review and revision to ensure that they are fit for purpose. Governance arrangements were reviewed in January 2015.

University of Chester Academies Trust

TRUSTEES' REPORT INCORPORATING STRATEGIC REPORT

A programme of induction for new Directors and Governors of individual Academies is under development. However, Statement of Action Committees are chaired by National Leaders of Governance to ensure current knowledge and expertise.

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.

Organisational structure

The existing Lines of Delegation continues to be regularly reviewed. This details the organisational structure for the Board of Trustees/Directors through a main Board and a separate Audit and Scrutiny Committee. Statement of Action Committees, who effectively operate as Local Governing Bodies, hold Academy Principals to account and report regularly to the Board. The Chief Executive Officer (who is the Accounting Officer) and other key officers within the central UCAT senior leadership team are responsible for day to day operations. In reality, this means that the UCAT Board determines UCAT wide policy and budgets, the Board and its committees monitor the implementation and the Statement of Action Committees make any local variations to policy and hold the Principal to account along with the UCAT Senior Leadership Team, which operates centrally across the Academy Trust.

Risk Management

The Board of Directors reviewed the process for managing risk and agreed that it would be managed at Board level. This involved focussing on the most significant risks to the organisation; putting systems and processes in place to mitigate these risks; and the Board monitoring the impact of actions on mitigating risks.

Connected Organisations

The sponsor of UCAT is the University of Chester via the University of Chester Trust (UCT) and a formal Memorandum of Agreement sets out the terms of this relationship.

UCAT comprises the following Academies;

University Church of England Academy	UCEA
University of Chester Academy Northwich	UCAN
University Academy Liverpool	UAL
University Academy Warrington	UAW
University Academy Kidsgrove	UAK
University Cathedral Free School, Chester	UCFS
University Primary Academy Kidsgrove	UPAK
University Primary Academy Weaverham	UPAW

UCAT was the lead sponsor for the University Academy Birkenhead (UAB), the responsibility having been delegated from UAB's lead sponsor the University of Chester. During the course of the year the University of Chester formally withdrew from its sponsorship role at UAB effective from 17/03/2015.

Objectives and Activities

The principal object and activity of the charitable company is more specifically 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.

The main objective of the Trust during the year ending 31 August 2015 was to enhance the educational experience and attainment of all students at UCAT Academies.

Strategies and Activities

The Trust's strategy for improvement is underpinned by its vision for our pupils and staff that is captured in our motto: **Believe, Belong, Become**. Therefore in each of its academies UCAT's aim is to develop and maintain a culture that:

- enables individuals to **Believe** in themselves and in their ability, as well as in others.
- cultivates within our pupils and staff a true sense that they **Belong** to a family that cares for them and supports them.
- enriches and extends their learning so that each can **Become** the individual they aspire to be.

This aim will be achieved by working together – in and across academies – drawing on the expertise within its family of schools; having learning at the heart of everything it does; and maximising on the learning opportunities available for all. The focus for individuals is on improving their own practice; for teams on supporting the development and professional growth of each other; and for academies on looking at ways of supporting each other to improve and grow into outstanding organisations so that UCAT pupil outcomes are the very best they can be. Leaders, teachers, support staff, pupils, parents and governors working consistently and coherently together to improve the quality of teaching and learning have the potential to build a Trust where every pupil will experience outstanding teachers and every academy will have outstanding leaders.

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, Statement of Action Committees and Senior Leadership Meetings, all matters under discussion will take equality considerations into account. Furthermore, in 2012 our Equality aims for 2012 – 2016 were published as follows and UCAT continues to make progress with them:

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.

Expected 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.

Expected Outcome: By 2014 we can evidence a decrease in the number of reported incidents of bullying and racial discrimination by reference to the appropriate academy records.

Objective 5 - Aim: Ensure that Pupil Premium is a key contribution to raising achievement for disadvantaged students.

Expected Outcome: By 2015 we can evidence appropriate use of Pupil Premium in all academies.

Employee Consultation

The Trust encourages the involvement of its employees in its management through regular meetings of Trade Unions, underpinned by a Trade Union Recognition Agreement. This group is a vehicle for the dissemination of information of particular concern to employees (including financial and economic factors affecting the performance of the Academy and for receiving their views on important matters of policy. The model is replicated at academy level to deal with local matters

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.

In setting the objectives and planning their activities the Directors, as Trustees, gave careful consideration to the Charity Commission's general guidance on public benefit. The Trust exists to transform young lives through the power of education and the Trustees are committed to doing this by providing the best educational opportunities for their students so they may lead happy and fulfilling lives with high aspirations for their future.

The main objective of the Trust during the year ending 31 August 2015 was to enhance the educational experience and attainment of all students at UCAT Academies. The Directors continued to respond following the issue of a pre-warning notice from the Department for Education by developing and implementing a school improvement strategy in close liaison with a strategic partner to support the drive for improvement and further pursue their commitment to provide the best educational opportunities to the students of its academies.

STRATEGIC REPORT

Review of Achievements and Performance for the Year

Background:

By September 2014 UCAT had been in operation since September 2009 and had 8 schools in its multi-academy trust – 5 secondary, 2 primary and 1 free school. In addition to these there was also one further secondary in a co-sponsor arrangement. Of those 3 were in special measures and 5 had not had its first inspection.

A strategy for recovery was agreed by The UCAT Trustee Board with:

Stage 1: laying the foundations – systems, structures and processes

Stage 2: building capacity

Stage 3: refining and establishing

Stage 1 was implemented during 2014 – 2015. There were five strands to the implementation plan:

1. Restructuring Governance arrangements
2. Redefining the UCAT Portfolio
3. Restructuring of support services
4. Implementing a school improvement programme
5. Strengthening links with the University of Chester

1. Restructuring governance arrangements

Governance arrangements for UCAT were put in place to align with its new Articles of Association. A new Board of Directors was set up and a new Chair appointed who brought current expertise and experience of running an international company. The new Board structure provided both business and educational expertise to inform and challenge the way in which UCAT was operating as well as the plans for school improvement.

Statement of Action Committees (SOACs) were set up in each school to act as Interim Education Boards (IEBs) for the period of UCAT's recovery. The role of the SOAC is to monitor the progress the school is making; monitor use of resources; and challenge and support in terms of driving forward school improvement on behalf of the Board. These have been chaired by National Leaders of Governance (NLGs).

Community Development Groups have been set up in some schools to engage parents and the local community but they have no delegated powers.

2. Redefining the UCAT Portfolio

It had been agreed in June 2014 that University Academy Birkenhead (UAB) should move to another sponsor. In January 2015 the UCAT Board agreed that University Academy Liverpool (UAL) should leave the Trust. In addition it was agreed to close the 6th forms in UAK and UAW due to falling numbers with effect from September 2017.

3. Restructuring of support services

From January 2015 a restructuring of central team services began that led to a reduction in the number of staff working at the centre. HR Business Partners and Link Accountants – originally part of the central team – were moved to being based in schools and working as part of the school team.

In May 2015 UCAT moved its main office to UCEA and set up UCAT offices in each of its secondary schools.

4. Implementing a school improvement programme

St John Plessington College, a Teaching School, were commissioned by UCAT to implement Stage 1 of the strategy – building on the School Improvement Programme they had put in place at UCEA. Their brief was to put in place the systems, structures and processes that would lay the foundations for school improvement in each of UCAT's secondary schools. The Principal of SJP took on the role of Executive Principal working across the four schools. This arrangement ended in August 2015 at the end of Stage 1 of the strategy (see exceptional costs on page 34).

5. Strengthening links with the University of Chester

Throughout the year there have been a number of activities in which the University has provided opportunities for pupils to engage with the University. Both within the university and within each academy. Discussions have been held as to how these arrangements can be further strengthened to provide a pathway from school to further education.

External examination results in summer 2015 were significantly affected by national changes in the arrangements and requirements for secondary examinations at the end of Key Stage 4. This raised the level of challenge for UCAT students and makes comparison with results from previous years difficult. However, one of the key indicators for secondary school performance (5 or more A*-C including English and Maths at GCSE) together with Key Stage 2 results for primaries is set out in the following tables.

KS4 results summer 2015

Academy	5+ A*-C (EnMa)	Period	Summer 2015
UCEA	24% - 43%	2009 – 2014	42%
UCAN	34% - 40%	2011 – 2014	46%
UAL	27% - 15%*	2011 – 2014	19%
UAW	38% - 48%	2011 – 2014	45%
UAK	41% - 45%	2013 – 2014	46%

*This is the figure published in national performance tables reflecting changes in 2014 recording of results for English Literature and English Language (Department for Education 14/11/14 on "Early entry/English Discounting in Performance Table"). On the basis of certificates and grades gained by candidates at UAL, the percentage would have increased to 35%.

KS2 results summer 2015

	UPAK		UPAW		UCFS
End of Key Stage 2	Level 4+	Level 5	Level 4+	Level 5	No KS2
Reading	77%	37%	91%	38%	
Writing	83%	7%	91%	19%	
Maths	73%	40%	91%	48% (5% L6)	
EGPS	70%	40%	81%	57%	
Combined English & Maths	63%	20%	86%	14%	

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.

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 of:

- Annual Accounts Return;
- Annual Budget Forecast; and
- Pupil Numbers (School census).

University of Chester Academies Trust

TRUSTEES' REPORT INCORPORATING STRATEGIC REPORT

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 during the year ended 31 August 2015 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. 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 2015 the net book value of fixed assets was £45,879,000 and movements in tangible fixed assets are shown in note 11 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.

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 2015 exceeded expenditure by £672,000 after taking into account exceptional income of, £2,500,000 relating to fixed assets donated by the EFA to the Trust for the University Cathedral Free School together with depreciation of fixed assets of £1,947,000 and exceptional costs of £1,117,000.

It should also be noted that actuarial gains on the defined benefit pension scheme of £313,000 have arisen in the year. Provision has been made in the financial statements under FRS 17 for the deficit identified in the actuarial valuation of the Local Government Defined Benefit Pension Schemes in which a number of support staff are members. Details of the provision are given in Note 19 to the financial statements. The only cash flow impact of this deficit is that the employers contribution rates for all schemes include a past service rate based on the 2013 valuation to clear the deficit over a 20 year period.

The fund balances at 31 August 2015 comprised:

	£'000
Fixed Asset fund	46,630
Restricted General fund	1,649
Permanent Endowment funds	100
Unrestricted funds	786
	<hr/> 49,165
Pension Liabilities	
Support staff defined benefit scheme – actuarially calculated deficit	(5,998)
Provision for future enhanced pensions to former academic staff	(238)
	<hr/> 42,929

The Trustees have reviewed the fund balances carried forward at 31 August 2015, together with the projected results for 2015/16 and the following three years, and confirm that it is appropriate for the financial statements to be drawn up on the going concern basis.

Reserves policy

The Trustees have determined that they will hold sufficient free reserves (unrestricted funds) to be able to support individual academies at specific times during their development e.g. investing in infrastructure, funding costs associated with change management or supporting academies through changes in pupil numbers. These reserves will be held between 5-10% of general restricted and unrestricted income, the current level is £2,435,000 (9.4%) and there are plans to use some of these reserves to support school improvement as detailed under plans for future periods.

Investment Policy

The Trust has a risk-averse appetite to investments; any surplus reserves are invested for maximum return within that risk appetite.

Principal Risks and Uncertainties

The Trust has continued 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.

The Board of Directors reviewed the process for managing risk and agreed that it would be managed at Board level. This involved focussing on the most significant risks to the organisation; putting systems and processes in place to mitigate these risks; and the Board monitoring the impact of actions on mitigating risks using a consistent scoring system. Risks identified at academy level are managed through the Statement of Action prepared and monitored by the SOAC. These will be regularly reviewed by the Board.

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

1. Falling pupil numbers will impact on schools' viability

The majority of academies within the Trust, particularly secondaries, are not yet at capacity which affects funding.

The risk is mitigated in a number of ways:

- Curriculum led budget
- Communication and marketing strategy
- Considerable focus and investment on improving teaching which will, in turn, increase results and make UCAT academies more attractive to parents and students.

2. Not able to attract high quality teachers

Teacher recruitment is challenging for the majority of schools and competition for the best teachers is fierce.

The risk is mitigated in a number of ways:

- Define what UCAT expectations are in terms of teacher quality
- UCAT offer – an attraction strategy
- Targeted marketing strategy

Plans for Future Periods

Next steps

In reviewing the progress made towards recovery in 2014 – 2015 and looking at the impact on Summer results in secondary it was proposed that UCAT should:

- ensure that the Stage 1 for school improvement: structures, systems and processes were effective and being applied consistently in each of UCAT's academies
- put in place Stage 2: building capacity by focussing on improving teaching and learning across UCAT - with strong emphasis on developing teachers' subject knowledge for teaching.

The UCAT Board considered appropriate targets for the academic year 2015/16 at the beginning of the autumn term.

Post Balance Sheet Event - University Academy Liverpool

Although the transfer to Great Schools Trust was due to take place as at 31st August 2015, a delay in completion of the legal documentation from the PFI lender meant that the transfer did not take effect until the 1st November 2015 (see Note 23).

Statement as to Disclosure of Information to Auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The financial statement auditors, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), has indicated its willingness to continue in office.

The report of the Trustees and incorporated Strategic Report were approved by the Board of Trustees on 10 December 2015 and signed on their behalf by:



Mr R Jones
Chairman

University of Chester Academies Trust

GOVERNANCE STATEMENT

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 during the year to the Managing Director, Prof. David Cracknell, as Accounting Officer and subsequently to Linda Rowe who became the Chief Executive Officer on 1 September 2015 who succeeded with these responsibilities 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 master funding agreement and supplementary funding agreements between UCEA, UCAN, UAL, UAW, UAK, UCFS, UPAK, UPAW and the Secretary of State for Education.

The Accounting Officer is also responsible for reporting to the 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 the Trustees' Responsibilities. The Board of Trustees has formally met six times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Directors	Meetings attended	Out of possible
Professor T J Wheeler	2	2
Ms A Sutton	2	2
Canon J Turnbull	2	2
Professor D Cracknell OBE	6	6
Mr R Jones	6	6
Mr C Ramsey	1	6
Ms T Sterling	0	2
Mr A Wright	5	6
Mr C Woodcock	0	1
Mr A Hamill	0	2
Mr D Cumberland	4	6
Mr A Hollinshead	2	6
Mr R Gill	1	1
Professor P Stokes	1	4

University of Chester Academies Trust

GOVERNANCE STATEMENT

The Trustee Working Party was a Committee of the Board which met regularly during the autumn term and whose purpose was to provide challenge and support to the UCAT Education and Standards Committee and the Audit and Scrutiny Committee. Their purpose was to hold the Managing Director of UCAT to account for the improvement in each of the academies and the effective use of resources; and provide strategic steer as appropriate to ensure that all of the UCAT academies are judged by Ofsted as at least 'good' by December 2016. This small strategic Working Party reported to the DfE on a regular basis on the progress towards improvement targets across UCAT and in each of UCAT's academies.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Professor T J Wheeler	3	4
Ms A Sutton	3	4
Canon J Turnbull	3	4
Professor D Cracknell OBE	4	4
Mr C Ramsey	2	4
Mr R Jones	2	2

The Audit and Scrutiny Committee is a sub-committee of the Board (Trustee Working Party until February 2015). Its purpose is to assist the Board in the fulfilment of its governance functions by raising the profile of internal control, risk management and financial reporting issues, as well as consideration of issues raised by internal and external auditors and corporate governance.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mr D Cumberland	2	4
Professor D Cracknell OBE	2	4
Canon J Turnbull	2	2
Mr A Wright	4	4

The Education and Standards Committee was also a sub-committee of the Trustee Working Party until February 2015. Its purpose was to raise standards and achievement so that all academies are at least 'good' by December 2016.

Governance Review

In February 2015 the governance system was reviewed. From that date, Members met separately to steer reshaping and continuous improvement. The Board of Directors are answerable to Members for the operation of the Trust. The Education and Standards Committee was removed at this point and the Board took over these responsibilities.

Review of Value for Money

As accounting officer the chief executive 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

In September 2014 the Trust was still under a Pre-warning notice issued by the DfE in April 2013. A proposal had been agreed by the UCAT Board for a UCAT wide recovery programme that had the first stage focussed on laying the foundations for improvement – the systems, structures and processes. With no outstanding school within its family UCAT commissioned St. John Plessington College (SJP) to put in place the systems, structures and processes for school improvement in four of UCAT's secondary academies. This work built on the school improvement programme that had started in place at UCEA in 2013 – 2014. The Principal of SJP took on the role of Executive Principal working across the four schools to drive school improvement. It was an improvement model that was heavily dependent on SJP staff taking key roles in UCAT schools. This intensive model was needed as they were endeavouring to shift ways of working in schools that for the most part had been of poor quality for a considerable period of time. In 2014 – 2015 they laid the foundations across UCAT secondary academies that enables consistent collaborative working that will lead to significant school improvement.

The impact of the work of SJP was highlighted in Ofsted reports including:

In UCAN's Section 8 Report in September 2014:

The Strategic School Improvement Partner is offering strong support and a clear agenda for improvement in promoting more effective quality assurance systems and in tackling underperformance in academy provision. The sponsor has strengthened its own team to support the academy in recognition that changes are required within a more urgent time frame.

In UCAN's Section 8 Report in March 2015:

Central to the instigation of a transformed culture of high aspiration and expectations has been the contribution of the Executive Principal. He has been the fulcrum for implementing rapid and profound changes. His wisdom, experience of outstanding practice and dynamic drive has ensured that the academy has moved forward rapidly.

In UAW's Section 5 Report in November 2015:

The Executive Principal, along with the new head of school are taking a strong lead on improving academy.

The head of school was one the SJP's team.

In UCEA's Section 5 report in April 2015:

The school's external partners (St John Plessington) are working extremely effectively together to raise standards and increase progress with increasing impact.

University of Chester Academies Trust

GOVERNANCE STATEMENT

In UCEA's Section 8 Report in June 2015

The school has drawn very effectively on the support negotiated by the University of Chester Academy Trust from the St John Plessington Teaching School Alliance. The academy has benefited from this support in implementing new, more rigorous management processes.

In UAK's Section 5 Report in February 2015:

The multi - academy trust has now commissioned external support. The pace of improvement has begun to improve as a result.

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 Trust for the year ended 31 August 2015 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 2015 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 Board of Directors 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.

During the year McIntocks continued to provide an internal audit service, they made two visits to each secondary academy and UCAT central and one visit to each primary academy. These visits considered income controls and general accounting systems, their reports were considered by the UCAT Audit and Scrutiny committee.

University of Chester Academies Trust

GOVERNANCE STATEMENT

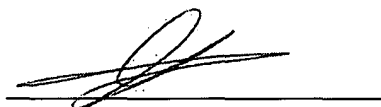
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor; and
- the work of the Senior Leadership Team 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 Audit and Scrutiny Committee and plans to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Trustees on 10 December 2015 and signed on its behalf by:



Mr R Jones
Chairman



Mrs L Rowe
Accounting Officer

University of Chester Academies Trust

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 (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 to 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 Members of the Board of Trustees on 10 December 2015 and signed on its behalf by:



Mr R Jones
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. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the EFA.



Mrs L Rowe
Accounting Officer

Date 10/12/15

Independent Auditor's Report to the members of University of Chester Academies Trust
Year Ending on 31 August 2015

We have audited the financial statements of University of Chester Academies Trust for the year ended 31 August 2015 on pages 24 to 60. The financial reporting 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 2014 to 2015 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 20, the Trustees (who act as trustees for the charitable activities of the company, and 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 2015 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 2014 to 2015 issued by the Education Funding Agency.

University of Chester Academies Trust
INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the members of the University of Chester Academies Trust
Year Ending on 31 August 2015 (continued)

Opinion on other requirement of the Companies Act 2006

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

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.

RSM UK Audit WP

ROGER DAVIES BA FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Steam Mill
Chester
CH3 5AN

Date *15th December 2015*

University of Chester Academies Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the year ended 31 AUGUST 2015

	Note	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Endowment funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources							
<i>Incoming resources from generated funds:</i>							
- Voluntary income	1a	-	10	1,097	-	1,107	828
- Exceptional property donated	1a	-	-	2,500	-	2,500	-
- Transfer from LA on conversion	1b	-	-	-	-	-	2,498
- Activities for generating funds	2	712	322	-	-	1,034	1,522
- Investment income	3	54	-	-	-	54	72
<i>Incoming resources from charitable activities:</i>							
- Trust's educational operations	4	-	24,856	-	-	24,856	25,993
Total incoming resources		766	25,188	3,597	-	29,551	30,913
Resources expended							
- Cost of generating funds	5	418	-	-	-	418	545
<i>Charitable activities:</i>							
- Trust's educational operations	5	8	25,047	2,240	-	27,295	27,710
- Exceptional costs	5	-	1,117	-	-	1,117	1,117
<i>Governance costs</i>	7	-	49	-	-	49	64
Transfer from LA on conversion re pension and business combination		-	-	-	-	-	534
Total resources expended	5	426	26,213	2,240	-	28,879	29,970
Net incoming/(outgoing) resources before transfers		340	(1,025)	1,357	-	672	943
Gross transfers between funds	14	(202)	126	76	-	-	-
Net income/(expenditure) for the year		138	(899)	1,433	-	672	943
Other recognised gains and losses							
Actuarial gains/(losses) on defined benefit pension schemes	14/19	-	313	-	-	313	(2,033)
Actuarial (losses) on enhanced pensions	14/19	-	(9)	-	-	(9)	(11)
Net movement in funds		138	(595)	1,433	-	976	(1,101)
Reconciliation in funds							
Funds brought forward		648	(3,992)	45,197	100	41,953	43,054
Total funds carried forward		786	(4,587)	46,630	100	42,929	41,953

All of the Trust's activities derived from continuing operations during the above two financial periods.

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
31 AUGUST 2015

(Company Registration No: 06929486)

	Notes	2015 £'000	2014 £'000
Fixed Assets			
Tangible assets	11	45,879	44,548
Long Term Deposit - endowment asset	15	100	100
Current Assets			
Debtors	12	1,655	1,770
Cash at bank and in hand		4,902	5,079
		<u>6,557</u>	<u>6,849</u>
Creditors: amounts falling due within one year	13	<u>(3,381)</u>	<u>(3,392)</u>
Net current assets		<u>3,176</u>	<u>3,457</u>
Total assets less current liabilities			
Net assets excluding pension liability		<u>49,155</u>	<u>48,105</u>
Pension scheme liability (support staff defined benefit scheme)	19	(5,998)	(5,932)
Provision for future enhanced pensions	19	(228)	(220)
Net assets including pension liabilities		<u>42,929</u>	<u>41,953</u>
FUNDS OF THE ACADEMY TRUST:			
Endowment funds	14/15	100	100
Restricted funds			
Restricted fixed asset fund	16	46,630	45,197
Restricted general fund	16	1,649	2,170
Pension reserve	14/19	(5,998)	(5,932)
Enhanced pension reserve	19	(238)	(230)
Total restricted funds		<u>42,043</u>	<u>41,205</u>
Total unrestricted income funds	14	<u>786</u>	<u>648</u>
Total Funds		<u>42,929</u>	<u>41,953</u>

The financial statements on pages 24 to 60 were approved by the Board of Trustees, and authorised for issue on 10 December 2015 and are signed on their behalf by:


 Mr R Jones
 Chairman

University of Chester Academies Trust
CASH FLOW STATEMENT
For the year ended 31 AUGUST 2015

	<i>Notes</i>	2015 £'000	2014 £'000
Operating activities			
Net income for the year		672	943
Donated fixed assets		(2,500)	(2,466)
Cash transferred on conversion		-	(4)
Depreciation	11	1,947	1,912
Capital grants from DfE and others		(1,097)	(105)
Interest receivable	3	(54)	(72)
LGPS deficit on conversion		-	512
FRS 17 pension cost less contributions payable	19	278	205
FRS 17 Pension finance cost	19	101	69
Pension opening balance and benefit paid	19	-	24
Enhanced pension provision	19	-	(1)
Decrease in debtors	12	115	1,362
Decrease in creditors	13	(11)	(523)
Net cash (outflow)/inflow from operating activities		(549)	1,856
Returns on investments and servicing of finance			
Interest received		54	72
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(779)	(239)
Capital grants from DfE / EFA		1,097	105
		318	(134)
Cash transferred on Conversion to an Academy Trust		-	4
(Decrease)/increase in bank & cash		(177)	1,798
Reconciliation of net cash flow to movement in net funds			
Net Funds at 1 September 2014		5,079	3,281
Net Funds at 31 August 2015		4,902	5,079
Analysis of Changes in Funds			
	2014 £'000	Cash Flow £'000	2015 £'000
Cash at Bank and in Hand	5,079	(177)	4,902

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with applicable UK Accounting Standards, the "Statement of Recommended Practice: Accounting and Reporting by Charities" ("SORP 2005"), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. The accounts include the Permanent Endowment funds received from Cheshire West and Chester Council.

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

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 charitable 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 £42,929,000 after providing for long term commitments of £5,998,000 in respect of the non-teaching defined benefit scheme and £238,000 in respect of enhanced pensions due to former employees. The trust had net current assets of £3,176,000 at 31 August 2015.

The trustees have reviewed the fund balances at 31 August 2015 and cash flow forecasts for 2015/16 and future years, and consider it appropriate for the financial statements to be drawn up on the going concern basis.

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 of resources subject to specific restriction imposed by funders and include grants from EFA/DfE.

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

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.

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

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. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

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.

Donations

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

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.

Other income

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

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis and is stated inclusive of related tax credits.

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.

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.

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 directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Long leasehold property	2%
Fixtures, fittings and equipment	25%
Computer equipment	25%

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

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

Donated assets

School buildings amounting to £2,500,000 for University Cathedral Free School have been purchased by the Education Funding Agency and donated to the Trust. The buildings have therefore been capitalised at market value based on the price paid by the EFA.

PFI agreement

University Academy Liverpool 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 and building use. 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.

Leased assets

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

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

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.

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.

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') (until April 2016), 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 benefit method. As stated in Note 19, 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.

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 as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Enhanced pensions

The cost of ongoing enhanced pensions to former members of staff are paid by the Academy annually and, as detailed in note 19, 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

1a Voluntary Income

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
EFA Capital Grants	-	-	1,097	1,097	739
Other including donations for staff salaries from University of Chester (note 20)	-	10	-	10	89
	-	10	1,097	1,107	828

Exceptional property donated:

£2.5m of exceptional income has been recognised in the year in relation to property donated by the EFA for the new University Cathedral Free School school buildings. The Secretary of State for Education has a legal charge over the freehold property to which this donation relates.

1b Transfer from Local Authority on Conversion

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
Transfer from LA on Conversion	-	-	-	-	2,498

2 Activities for Generating funds

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
Trips, uniforms and lettings income	202	150	-	352	428
Catering income	129	-	-	129	236
Sports Centre income	107	30	-	137	170
Rents, supply insurance recoveries & other income	188	142	-	330	500
Management Fee	86	-	-	86	188
	712	322	-	1,034	1,522

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

3 Investment Income

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
Bank interest	54	-	-	54	72

4 Funding for Trust's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
DfE / EFA revenue grants					
General Annual Grant (GAG)	-	22,126	-	22,126	22,805
Start Up Grants	-	379	-	379	520
Other DfE/EFA grants	-	1,812	-	1,812	1,901
New Academy Conversion grants	-	-	-	-	275
	-	24,317	-	24,317	25,501
Other Government revenue grants					
Standards Fund grants from Local authority	-	539	-	539	492
	-	539	-	539	492
Total	-	24,856	-	24,856	25,993

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

5 Resources Expended

	Staff costs £'000	Premises costs £'000	Other costs £'000	Total 2015 £'000	Total 2014 £'000
Costs of generating funds					
Catering income	-	-	129	129	236
Sports Centre Income	171	-	-	171	97
Other income	24	-	-	24	21
Management Fees (UAB)	47	-	47	94	191
	<u>242</u>	<u>-</u>	<u>176</u>	<u>418</u>	<u>545</u>
Trust's education operations					
Direct costs	15,831	1,947	1,623	19,401	19,840
Allocated support costs	3,027	2,618	2,249	7,894	7,870
	<u>18,858</u>	<u>4,565</u>	<u>3,872</u>	<u>27,295</u>	<u>27,710</u>
Exceptional consultancy, pension & severance costs (Note 8)	459	-	658	1,117	1,117
Governance costs including allocated support costs	-	-	49	49	64
Pension deficit transfer from LA on conversion and business combination	-	-	-	-	534
	<u>459</u>	<u>-</u>	<u>707</u>	<u>1,166</u>	<u>1,715</u>
Total	<u>19,559</u>	<u>4,565</u>	<u>4,755</u>	<u>28,879</u>	<u>29,970</u>

The exceptional consultant costs of £658,000 (2014: £285,000) relate to St John Plessington for school to school improvement.

Net incoming resources for the year include:

	2015 £'000	2014 £'000
Operating lease costs - other	138	83
PFI property costs	822	776
Fees payable to auditor - re audit	43	54
- re other services	-	1
	<u> </u>	<u> </u>

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

6 Charitable Activities – Trust's Educational Operations

	2015 £'000	2014 £'000
Direct costs		
Teaching and educational support staff costs	15,831	16,149
Depreciation	1,947	1,912
Educational supplies	611	755
Examination fees	274	269
Staff development	63	88
Educational consultancy	45	202
Other direct costs	630	420
New academy set up costs	-	45
	19,401	19,840
Allocated support costs		
Support staff costs	3,027	2,938
Uniform costs	15	15
Maintenance of premises and equipment	378	459
Abortive costs – Abbey Square	221	-
Cleaning	447	412
PFI Unitary Charge	793	776
Water & business rates	162	223
Energy	465	489
Insurance, including supply cover	152	375
Transport, including inter campus travel	51	51
Catering	301	298
Bank interest and charges	16	9
Other support costs	1,783	1,746
FRS 17 pension interest charges	74	69
Enhanced Pension – Interest charge/(gain)	9	10
	7,894	7,870
	27,295	27,710

Included within allocated support costs are abortive costs of £221,000 in relation to Abbey Square, the initial chosen location for the University Cathedral Free School new school premises. These premises were subsequently found to be unsuitable as such costs incurred have been written off in the year, and are included as expenditure against the restricted fixed asset fund in the Statement of Financial Activities.

6.1 Disclosure of Central Services

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

- Educational Support;
- Human Resources;
- Financial Services;
- Legal Services;
- IT Services;
- Estates Services; and
- Others as arising.

The Trust charges for these services on the following basis:

Flat percentage of 6% based on GAG income, from 2015/16 this will be reduced to 4%.

The actual amounts charged during the year were as follows:

	2015 £'000	2014 £'000
UCEA	321	241
UCAN	180	210
UAL	288	364
UAW	225	232
UAK	200	214
UCFS	29	43
UPAK	46	47
UPAW	43	28
	1,332	1,379

7 Governance costs

	2015 £'000	2014 £'000
External audit fees – audit of financial statements	43	39
– under accrual prior year audit of FS	-	15
Internal audit and other fees	6	10
	49	64

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

8 Staff costs

Staff costs during the period were:	2015 £'000	2014 £'000
Wages and salaries	14,291	15,307
Social security costs	1,071	1,138
Pension costs	2,429	2,123
Total staff costs	17,791	18,568
Supply staff costs	1,309	608
	19,100	19,176
Exceptional item – Redundancy Costs	459	832
Total	19,559	20,008

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £74,328 (2014: £77,382). Individually, the payments were: £30,000, £25,000, £16,000 and £3,328.

The average number of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2015 No.	2014 No.
Charitable Activities		
Teachers	226	268
Education support, Premises and Administration	308	302
Management	40	31
	574	601

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

	2015 fte	2014 fte
Charitable Activities		
Teachers	211	242
Education support, Premises and Administration	205	212
Management	40	31
	456	485

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

8 Staff costs (continued)

Higher paid staff:

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

	2015 No.	2014 No.
£60,001 - £70,000	5	8
£70,001 - £80,000	3	4
£80,001 - £90,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	1

During the year ended 31 August 2015 seven (2014: twelve) of the above employees participated in the Teachers' Pension Scheme. Employer pension contributions for these staff amounted to £56,655 (2014: £120,529). Two (2014: two) other employees participated in the Local Government Pension Scheme with employer pension contributions amounting to £22,306 (2014: £21,100).

The value of remuneration for the eight academy Principals was £661,631 (2014: £601,910) and the employer's pension contributions were £63,931 (2014: £82,367), during the year two of the Principals were employed on a consultancy basis and therefore no employer's pension contributions were paid on their behalf.

9 Trustees' remuneration and expenses

The Managing Director, who undertook the role of Accounting Officer during the year, only receives remuneration in respect of the services he provides undertaking the role of Managing Director and not in respect of his services as trustee. The Managing Director is a Trustee of the Academy Trust. Other trustees did not receive any payments from the Trust or the Academies in respect of their roles as trustees.

Prof. David Cracknell OBE (Managing Director) received remuneration of £50,000 during the year to 31 August 2015 (2014: £36,769), no employer's pension contributions were paid.

During the period ended 31 August 2015, travel and subsistence expenses totalling £524 (2014: £nil) were reimbursed or paid directly to 2 trustees (2014:nil).

10 Trustees' and Officers' Insurance

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

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

11 Tangible Fixed Assets

	Freehold land & buildings £'000	Long term leasehold land & buildings £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Asset Under Construction £'000	Total £'000
Cost:-						
1 September 2014	-	43,814	2,021	2,256	-	48,091
Additions	2,500	216	219	105	239	3,279
31 August 2015	2,500	44,030	2,240	2,361	239	51,370
Depreciation:						
1 September 2014	-	1,569	956	1,019	-	3,544
Charged in year	-	876	508	563	-	1,947
31 August 2015	-	2,445	1,464	1,582	-	5,491
Net Book Value:						
31 August 2015	2,500	41,585	776	779	239	45,879
31 August 2014	-	42,246	1,065	1,237	-	44,548

There is a legal charge, in favour of the Secretary of State for Education dated 29 June 2015 over the freehold land & buildings in relation to the new University Cathedral Free School school buildings which were donated by the EFA in the year.

12 Debtors

	2015 £'000	2014 £'000
Trade Debtors	83	85
Prepayments	291	196
Accrued Income	678	771
Other Debtors	8	57
Other Taxation and Social Security	330	316
DfE/EFA - Other Grants Receivable	265	345
	1,655	1,770

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

13 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade Creditors	964	863
Other Creditors	98	125
Other Tax and Social Security Creditors	286	327
Pension Creditor	262	287
Severance Costs	302	624
Enhanced Pension Cost	10	10
Accrued Expenditure	1,112	957
Deferred Income	347	174
Amounts due to EFA	-	25
	3,381	3,392

Deferred Income

	2015 £'000	2014 £'000
Deferred income at 1 September 2014	174	403
Resources deferred in the year	347	175
Amounts released from previous years	(174)	(404)
Deferred income at 31 August 2015	347	174

	2015 £'000	2014 £'000
Included within deferred income:		
Recovery of post-16 funding	78	-
Business rates	85	37
Universal Infant Free School Meals Funding	42	46
School Trips	39	60
Designated Provision - UAW	36	-
School Games Organiser	21	16
Leisure Centre Income	23	11
SEN	20	-
Other	3	4
	347	174

At the balance sheet date the above funding was received in advance. It is expected that these balances will be released in the 15/16 year.

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

14 Funds

	At 1 September 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	At 31 August 2015 £'000
Restricted General Funds					
General annual grant (GAG)	1,163	22,126	(21,766)	126	1,649
Start-up grants	1,007	379	(1,386)	-	-
Other DfE/EFA grants	-	1,812	(1,812)	-	-
Standard funds grant	-	539	(539)	-	-
Other income	-	332	(332)	-	-
	2,170	25,188	(25,835)	126	1,649
Restricted Fixed Asset Funds					
DfE/EFA capital grants	1,535	1,097	(1,340)	130	1,422
Capital expenditure from GAG	118	-	(14)	(54)	50
Donated fixed assets	19,123	2,500	(372)	-	21,251
Transfer of fixed assets on conversion	26	-	(10)	-	16
Transfers from L&B on conversion	24,395	-	(504)	-	23,891
	45,197	3,597	(2,240)	76	46,630
Restricted Pension Funds					
Restricted Pension Reserve	(5,932)	-	(379)	313	(5,998)
Restricted Future Pension Provision	(230)	-	1	(9)	(238)
	(6,162)	-	(378)	304	(6,236)
Total Restricted Funds	41,205	28,785	(28,453)	506	42,043
Endowment Funds	100	-	-	-	100
Unrestricted General Funds	648	766	(426)	(202)	786
Total Funds	41,953	29,551	(28,879)	304	42,929

Restricted General Funds;

GAG is the main funding income received relating to pupil numbers at each Academy. Under the master funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2015.

Start-up Grants are DfE / EFA capital and academy set-up grants which are provided by the Government for new academies on conversion.

Other DfE Grants mainly relate to Pupil Premium funding and money received from the EFA to cover redundancy costs relating to pre Academy service costs.

Standard Funds Grant is from the Local Authority and is for statemented pupils.

Transfers have been made to support an academy where its GAG funds would otherwise be in deficit or to fund fixed assets.

14 Funds (continued)

Restricted General Funds (continued);

Other Income relates to various income streams and includes £148k of Trip income.

Restricted Fixed Asset Funds;

DfE Capital Grants is primarily the School Condition Allocations (SCA) for backlog maintenance (£537k) and a further sum of £100k for Devolved Formula Capital.

Capital Expenditure from GAG is where GAG funding has been used for Capital items.

Donated Fixed Assets were given to the Trust in relation to UCEA from the Local Authority and to UCFS from the EFA.

Transfer of Fixed Assets on conversion relates to assets with a useful economic life which belonged to schools and were transferred at that value on conversion to an Academy.

Transfer of Land and Buildings on Conversion relates to land and buildings transferred to the Trust on conversion.

Restricted Pension Funds;

Restricted pension reserve is for three Local Government Pension Schemes (note 19).

Restricted Future pension reserve is to fund enhanced pension payments to former academic staff (note 19).

Endowment Funds is an investment fund (note 15).

Fund balances at 31 August 2015 were allocated as follows:

	2015 £'000	Year End Reserves transfer £'000	Final Reserves 2015 £'000	2014 £'000
UCEA (Ellesmere Port)	(173)	-	(173)	-
UCAN (Northwich)	174	213	387	451
UAL (Liverpool)	558	-	558	722
UAW (Warrington)	711	(231)	480	562
UAK (Kidsgrove)	(100)	100	-	104
UCFS (Primary, Chester)	155	-	155	124
UPAK (Primary, Kidsgrove)	34	-	34	46
UPAW (Primary, Weaverham)	39	-	39	71
UCAT (Central Reserves)	1,037	(82)	955	738
Total before fixed assets and pension reserve	2,435	-	2,435	2,818
 Restricted Fixed Asset Fund	 46,630	 -	 46,630	 45,197
Pension Reserve	(6,236)	-	(6,236)	(6,162)
Endowment Funds	100	-	100	100
 Total	 42,929	 -	 42,929	 41,953

The deficit at UCEA is in the form of a repayable loan, the academy has set a surplus budget in 2015-16 and is expected to repay the loan in full.

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

14 Funds (continued)

The Trust allows individual Academies to carry forward reserves based on 15% of their GAG funding. Funds identified for specific projects will be transferred to restricted funds, any remaining balance greater than 15% will be pooled and held as a central fund to be used across the Trust. 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 2015.

Analysis of academies by cost

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

	Teaching & educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation & management fees) £'000	Total £'000
UCEA	3,961	774	137	994	5,866
UCAN	2,215	395	57	934	3,601
UAL	2,911	357	128	1,720	5,116
UAW	2,629	486	115	783	4,013
UAK	2,421	512	88	586	3,607
UCFS	323	72	17	72	484
UPAK	642	101	31	197	971
UPAW	541	91	25	221	878
UCAT Central Services	-	669	12	1,714	2,395
	15,643	3,457	610	7,221	26,931

15 Endowment Fund

A Permanent Endowment donation of £100,000 was received in 2009 from Cheshire West & Chester Council on behalf of the University Church of England Academy, Ellesmere Port in - the capital to remain untouched - with the interest arising available to be used for the benefit of the students of the Academy.

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

16 Analysis of Net Assets Between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	-	-	45,879	-	45,879
Investments	-	-	-	100	100
Current assets	786	5,020	751	-	6,557
Current liabilities	-	(3,381)	-	-	(3,381)
Pension scheme liabilities	-	(6,226)	-	-	(6,226)
Total Net Assets as at 31 August 2015	786	(4,587)	46,630	100	42,929

17 Capital Commitments

	2015 £'000	2014 £'000
Contracted for but not provided in the financial statements	1,356	17
Authorised by Trustees but not yet contracted	-	533

The Trust has a capital commitment of £927,895 for the financial year 2015/16 for the completion of the refurbishment of Murlain House the new home for the University Cathedral Free School, this is being funded by the EFA.

18 Financial Commitments – Operating Leases

At 31 August 2015 the Academy Trust had annual commitments under non-cancellable operating leases, as follows:

	2015 £'000	2014 £'000
Land and Buildings:		
Expiring within one year	-	50
	-	50
Other:		
Expiring within one year	12	66
Expiring within two to five years inclusive	43	51
	55	117

19 Pension and similar obligations

The 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, Merseyside and Staffordshire Pension Funds. All 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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £261,636 (2014: £287,487) were payable to the schemes at 31 August 2015 and are included within creditors.

Ongoing commitment to enhanced pension payments to former academic staff:

As part of the staff restructuring, which took place at the University Church of England Academy in the 2010/11 Academic year, 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 2015 was £10,077 (2014: £10,047).

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 underlying assumptions used are 3.46% interest and 1.75% net interest. The provision required at 31 August 2015 has increased to £238,242, of which £10,077 is included in creditors due within a year on the Balance Sheet and the balance of £228,165 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, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

19 Pension and similar obligations (continued)

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Employer and Employee contribution rates

From 1 April 2014 to 31 March 2015, the employee contribution rate ranged between 6.4% and 11.2%, depending on a members Full Time Equivalent salary and from March 2015 it ranged between 6.4% and 12.4%.

The pension cost paid to TPS in the year amounted to £1,330,974 (2014: £1,411,593).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme.

19 Pension and similar obligations (continued)

Accordingly, the Academy has taken advantage of the exemption in FRS 17 and 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 and the implications for the Academy Trust in terms of anticipated rates.

Local Government Pension Scheme

The Academies employ staff within three Local Government Pension Schemes (LGPS), those being Cheshire Pension Fund, Mersey Pension Fund and Staffordshire Pension Fund.

The LGPS is a funded defined-benefit scheme with the assets held in separate trustee administered funds. The total contributions made by the Trust for the period amounted to £1,026,000 of which employer's contributions totalled £779,000 and employees' contributions totalled £247,000. The agreed employer's contribution rates ranged from 10.5% to 23.3% with employee contributions varying from 5.5% to 9.9%. The last full actuarial valuation of the LGPS was as at March 2013 and the following information is based on an actuarial updated valuation based on the position as at 31 August 2015.

University of Chester Academies Trust's Consolidated Pension Funds

Consolidated Scheme Deficit	Cheshire Pension Fund	Mersey Pension Fund	Staffordshire Pension Fund	Total LGPS 2015
Market Value of Assets	7,696	286	1,395	9,377
Present value of Scheme Liabilities	(11,225)	(742)	(3,408)	(15,375)
Scheme deficit	(3,529)	(456)	(2,013)	(5,998)

Consolidated Pension Fund	2015	2014
	£'000	£'000
Amounts recognised in the Statement of Financial Activities		
Current service cost (net of employers contributions)	(251)	(205)
Curtailments and settlements	(27)	-
Total operating charge	(278)	(205)
Analysis of pension finance (costs)/income		
Expected return on pension scheme assets	431	456
Interest on pension liabilities	(532)	(525)
Pension finance cost	(101)	(69)
Other gains and losses		
Actuarial gain/(loss)	313	(2,033)
Total (loss)	(66)	(2,307)

19 Pension and similar obligations (continued)

University of Chester Academies Trust's Consolidated Pension Funds

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 £1,413,000 loss (2014: £1,726,000 loss).

Movements in the present value of the Trust's consolidated defined benefit obligation were as follows:

	2015 £'000	2014 £'000
At 1 September	13,700	9,978
Prior year adjustment (UCAT Central)	-	44
Transferred on conversion	-	902
Current service cost	1,053	925
Interest cost	532	525
Employee contributions	247	233
Actuarial (gain)/loss	(128)	1,093
Liabilities assumed in a business combination	-	50
Benefits paid	(56)	(50)
Curtailments and settlements	27	-
At 31 August	<u>15,375</u>	<u>13,700</u>

Movements in the fair value of the Trust's consolidated scheme assets are as follows:

	2015 £'000	2014 £'000
At 1 September	7,768	6,891
Prior year adjustment (UCAT Central)	-	32
Transferred on conversion	-	390
Expected return on assets	431	456
Actuarial gain/(loss)	185	(940)
Assets acquired in a business combination	-	36
Employer contributions	802	720
Employee contributions	247	233
Benefits paid	(56)	(50)
At 31 August	<u>9,377</u>	<u>7,768</u>

The estimated value of Trust's employer contributions for the year ended 31 August 2016 is £697,000.

19 Pension and similar obligations (continued)

i) Cheshire Pension Fund

The total contributions made for the year ended 31 August 2015 amounted to £763,000 of which employer's contributions totalled £592,000 and employees' contributions totalled £171,000. The agreed contribution rates for future periods range from 20.1% to 23.3% for employers and from 5.5% to 9.9% for employees.

The last full actuarial valuation of the LGPS managed by Cheshire Pension Fund was as at March 2013 and the following information is based on an actuarial update valuation based on the position as at 31 August 2015.

Principal Actuarial Assumptions	As at 31 August 2015	As at 31 August 2014
Rate of increase in salaries	3.6%	3.5%
Rate of increase for pension in payment	2.7%	2.7%
Discount rate	3.8%	3.7%
Inflation (CPI)	2.2%	2.2%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 services.

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

	2015 Years	2014 Years
Retiring today:		
Male	22.3	22.3
Female	24.4	24.4
Retiring in 20 Years:		
Male	24.1	24.1
Female	26.7	26.7

19 Pension and similar obligations (continued)

i) Cheshire Pension Fund (continued)

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	3.8%	3,619	6.6%	3,850
Government bonds	3.8%	3,077	3.5%	1,346
Property	3.8%	693	4.7%	448
Cash	3.8%	307	3.6%	769
Total market value of assets		7,696		6,413
Present value of scheme liabilities		(11,225)		(10,142)
Scheme deficit		(3,529)		(3,729)

ected rate of return is 3.8%. The actual return on scheme assets was £579,000 (2014: £847,000).
The estimated value of employer contributions for the year ended 31 August 2016 is £486,000.

The five year history of experience adjustments are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of share of scheme assets	7,696	6,413	6,143	4,045	2,185
Present value of defined benefit obligation	(11,225)	(10,142)	(8,019)	(5,601)	(2,619)
(Deficit)	(3,529)	(3,729)	(1,876)	(1,556)	(434)

The comparative figures are as follows;

2014 & 2015	UCEA, UCAN, UAW, UCFS, UPAW and UCAT Head Office
2013	UCEA, UCAN, UAW and UCAT Head Office
2012	UCEA and UCAN
2011	UCEA only

19 Pension and similar obligations (continued)

i) Cheshire Pension Fund (continued)

Amounts recognised in the Statement of Financial activities

	2015	2014
	£'000	£'000
Amounts recognised in the Statement of Financial Activities		
Current service cost (net of employers contributions)	(152)	(129)
Total operating charge	<u>(152)</u>	<u>(129)</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	350	391
Interest on pension liabilities	(391)	(399)
Pension finance cost	<u>(41)</u>	<u>(8)</u>
Other gains and losses		
Actuarial gain/(loss)	393	(1,577)
Total gain/(loss)	<u>200</u>	<u>(1,714)</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 £979,000 loss (2014: £1,372,000 loss).

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

	2015	2014
	£'000	£'000
At 1 September	10,142	8,019
Prior year adjustment (UCAT Central)	-	44
Transferred on conversion	-	315
Current service cost	744	640
Interest cost	391	399
Employee contributions	171	155
Actuarial (gain)/loss	(167)	570
Liabilities assumed in a business combination	-	50
Benefits paid	(56)	(50)
At 31 August	<u>11,225</u>	<u>10,142</u>

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

19 Pension and similar obligations (continued)

i) Cheshire Pension Fund (continued)

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

	2015	2014
	£'000	£'000
At 1 September	6,413	6,143
Prior year adjustment (UCAT Central)	-	32
Transferred on conversion	-	202
Expected return on assets	350	391
Actuarial gain/(loss)	226	(1,007)
Assets acquired in a business combination	-	36
Employer contributions	592	511
Employee contributions	171	155
Benefits paid	(56)	(50)
At 31 August	7,696	6,413

University of Chester Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2015

19 Pension and similar obligations (continued)

ii) Merseyside Pension Fund

The total contributions made for the period amounted to £106,000 of which employer's contributions totalled £72,000 and employees' contributions totalled £34,000. The agreed contribution rates for future are 10.5% for employers and from 5.5% to 9.9% for employees.

The last full actuarial valuation of the LGPS was as at March 2013 and the following information is based on an actuarial update valuation based on the position as at 31 August 2015.

Principal Actuarial Assumptions	As at 31 August 2015	As at 31 August 2014
Rate of increase in salaries	3.7%	3.7%
Rate of increase for pension in payment	2.2%	2.2%
Discount rate	4.0%	4.0%
Inflation (CPI)	2.2%	2.2%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 services.

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

	2015 Years	2014 Years
Retiring today:		
Male	22.4	22.3
Female	25.3	25.2
Retiring in 20 Years:		
Male	24.8	24.7
Female	28.1	28.0

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

19 Pension and similar obligations (continued)

ii) Merseyside Pension Fund

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	6.5%	172	7.0%	106
Government bonds	2.5%	39	2.9%	24
Other bonds	3.6%	15	3.8%	4
Property	6.1%	25	6.2%	14
Cash	0.5%	8	0.5%	8
Other	6.5%	27	7.0%	20
Total market value of assets		286		176
Present value of scheme liabilities		(742)		(581)
Scheme deficit		(456)		(405)

The overall expected rate of return is 5.3%. The actual return on scheme assets was £4,000 (2014: £12,000 loss). The estimated value of employer contributions for the year ended 31 August 2016 is £73,000.

The four year history of experience and adjustments are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Fair value of share of scheme assets	286	176	71	10
Present value of defined benefit obligation	(742)	(581)	(340)	(259)
(Deficit)	(456)	(405)	(269)	(249)

19 Pension and similar obligations (continued)

ii) Merseyside Pension Fund

Amounts recognised in the Statement of Financial activities

	2015	2014
	£'000	£'000
Amounts recognised in the Statement of Financial Activities		
Current service cost (net of employers contributions)	(29)	(21)
Total operating charge	<u>(29)</u>	<u>(21)</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	10	7
Interest on pension liabilities	(26)	(19)
Pension finance cost	<u>(16)</u>	<u>(12)</u>
Other gains and losses		
Actuarial loss	(6)	(103)
Total loss	<u>(51)</u>	<u>(136)</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 £108,000 loss (2014: £102,000 loss).

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

	2015	2014
	£'000	£'000
At 1 September	581	340
Current service cost	101	85
Interest cost	26	19
Actuarial loss	-	106
Employee contributions	34	31
At 31 August	<u>742</u>	<u>581</u>

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

	2015	2014
	£'000	£'000
At 1 September	176	71
Expected return on assets	10	7
Actuarial (loss)/gain	(6)	3
Employer contributions	72	64
Employee contributions	34	31
At 31 August	<u>286</u>	<u>176</u>

19 Pension and similar obligations (continued)

iii) Staffordshire Pension Fund

The total Contributions made for the period amounted to £180,000 of which employer's contributions totalled £138,000 and employees' contributions totalled £42,000. The agreed contribution rates for future periods are 20.2% for employers and from 5.5% to 9.9% for employees.

The last full actuarial valuation of the LGPS was as at March 2013 and the following information is based on an actuarial updates valuation based on the position as at 31 August 2015.

Principal Actuarial Assumptions	As at 31 August 2015	As at 31 August 2014
Rate of increase in salaries	4.5%	4.4%
Rate of increase for pension in payment	2.6%	2.6%
Discount rate	3.7%	3.7%
Inflation (CPI)	2.2%	2.2%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 services.

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

	2015 Years	2014 Years
Retiring today:		
Male	22.1	22.1
Female	24.3	24.3
Retiring in 20 Years:		
Male	24.3	24.3
Female	26.6	26.6

19 Pension and similar obligations (continued)

iii) Staffordshire Pension Fund (continued)

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	3.7%	1,033	6.3%	896
Government bonds	3.7%	153	3.4%	154
Property	3.7%	126	4.5%	94
Cash	3.7%	83	3.3%	35
Total market value of assets		1,395		1,179
Present value of scheme liabilities		(3,408)		(2,977)
Scheme deficit		(2,013)		(1,798)

The overall expected rate of return is 3.7%. The actual return on scheme assets was £ 36,000 gain (2014: £122,000 gain). The estimated value of employer contributions for the year ended 31 August 2016 is £138,000.

The three year history of experience adjustment is as follows:

	2015 £'000	2014 £'000	2013 £'000
Fair value of share of scheme assets	1,395	1,179	677
Present value of defined benefit obligation	(3,408)	(2,977)	(1,619)
Deficit	(2,013)	(1,798)	(942)

19 Pension and similar obligations (continued)

iii) Staffordshire Pension Fund (continued)

Amounts recognised in the Statement of Financial activities

	2015	2014
	£'000	£'000
Amounts recognised in the Statement of Financial Activities		
Current service cost (net of employers contributions)	(70)	(55)
Curtailments and settlements	(27)	-
Total operating charge	(97)	(55)
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	71	58
Interest on pension liabilities	(115)	(107)
Pension finance cost	(44)	(49)
Other gains and losses		
Actuarial loss	(74)	(353)
Total loss	(215)	(457)

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 £326,000 loss (2014: £252,000 loss).

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

	2015	2014
	£'000	£'000
At 1 September	2,977	1,619
Transferred on conversion	-	587
Current service cost	208	200
Interest cost	115	107
Employee contributions	42	47
Actuarial loss	39	417
Curtailments and settlements	27	-
At 31 August	3,408	2,977

19 Pension and similar obligations (continued)

iii) Staffordshire Pension Fund (continued)

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

	2015	2014
	£'000	£'000
At 1 September	1,179	677
Transferred on conversion	-	188
Expected return on assets	71	58
Actuarial (loss)/gain	(35)	64
Employer contributions	138	145
Employee contributions	42	47
Benefits paid	-	-
	<hr/>	<hr/>
At 31 August	1,395	1,179

20 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, other than the University of Chester, are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. Transactions with the University are contracted at a cost basis and comply in all respects with the spirit and intent of the EFA's Academies Financial Handbook 2014 as it applies to transactions with parties connected to a Trust.

The following related party transactions took place in the year;

The Trust was the lead sponsor for the University Academy of Birkenhead until 17 March 2015; during the period the Trust received management fees for the provision of education and support services totalling £86,391 (2014: £188,410), the balance due at year-end was £nil (2014: £16,043).

The University of Chester, the sponsor and therefore a connected party, provided services costing £312,103 (2014: £383,128) during the year, these services were in the main for education specialists and staffing. The balance owed to the University of Chester at the year end was £169,042 (2014: £262,400). The Trust benefits from an extended credit facility of £250,000 with the University of Chester.

Included in the charge from the University was;

- The cost of office accommodation at Gateway House for UCFS totalling £50,000.
- Total donations relating to staff costs were £38,779, relating to two members of staff who work full time but are recharged at 20% (until 28 February 2015) and 90% respectively. The difference between the recharge and the actual cost is treated as a donation (note 1a).

University of Chester Academies Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

21 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.

22 Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-18 Bursary Funds, in behalf of the EFA.

	2015 £'000	2014 £'000
At 1 September	35	28
Received	62	77
Distributed	(55)	(70)
	<hr/>	<hr/>
Creditor at 31 August	42	35

23 Events after the balance sheet date

On the 1st November 2015 University Academy Liverpool was rebrokered to Great Schools Trust with the attributable assets and liabilities; fixed assets, debtors, cash, creditors and pension liability transferred on that date.

Independent Reporting Accountant's Assurance Report on Regularity to University of Chester Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 4 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University of Chester Academies Trust during the period 1 September 2014 to 31 August 2015 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 University of Chester Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the University of Chester Academies Trust and the EFA 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 the University of Chester Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of University of Chester Academies Trust's funding agreement with the Secretary of State for Education dated 28 October 2014 and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. 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.

University of Chester Academies Trust
INDEPENDENT AUDITOR'S REPORT ON REGULARITY

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

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)

Chartered Accountants

Steam Mill

Steam Mill Street

Chester

CH3 5AN

Date *15th December 2015*