

University of Chester Academies Trust

Company Limited by Guarantee: registration number 06929486 (England and Wales)

University of Chester Academies Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

7 Month Period ended 31 March 2019



University of Chester Academies Trust

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

Contents

	Page
Reference and Administrative Details	3-4
Trustee's Report	5-13
Governance Statement	14-16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report to the Board of Trustees	19-21
Independent Reporting Accountant's Assurance Report On Regularity	22-23
Statement of Financial Activities (incorporating Income & Expenditure Account)	24
Balance Sheet	25
Statement of Cash flows	26
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	27-31
Other Notes to the Financial Statements	32-53

University of Chester Academies

REFERENCE AND ADMINISTRATIVE DETAILS

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

Until 1st November 2018:

University of Chester Academy Northwich (UCAN)

University Academy Kidsgrove (UAK)

University Primary Academy Kidsgrove (UPAK)

University Church Free School, Chester (UCFS)

Until 1st December 2018:

University Church of England Academy, Ellesmere Port (UCEA)

University Academy Warrington (UAW)

University Primary Academy Weaverham (UPAW)

Board of Trustees: The Board comprises the following individuals who served during the period ended 31 March 2019: -

Mr David Cumberland	Sponsor Appointment	Appointed 25/09/2012
	Chair	Appointed 08/08/2017
		Resigned 30/09/2017
	Virtue of Chief Executive Officer	Appointed 01/10/2017
Mr David Wootton	Chair	Appointed 07/06/2018
Mr Richard Gill	Vice Chair	Appointed 07/06/2018
Mr Keith Sorrell		Appointed 07/06/2018
Ms Sharon Dempsey		Appointed 07/06/2018
Ms Amarjit Cheema		Appointed 07/06/2018
Mr Tim Boulton		Appointed 13/12/2016

Members

Professor Timothy J Wheeler

Ms Anna Sutton

Canon Jeffery Turnbull

Mr D Wootton

Virtue of Chair of Board Office Appointed 07/06/2018

Company Secretary

St Paul Secretaries

Senior Leadership Team – UCAT

Chief Executive Officer

Chief Operations Officer

Director of Finance

David Cumberland

Jan McKay

Alan Southward

Appointed 01/10/2017

University of Chester Academies
REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 06929486 (England and Wales)

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

Independent Auditor: Mazars LLP
1 St Peter's Square
Manchester
M2 3DE

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

TRUSTEE'S 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 period ended 31 March 2019. The Trust has historically operated secondary academies, primary academies and a free school in the North West of England. As disclosed within the previous year's financial statements all schools have been in a process of being rebrokered, with the last school leaving the Trust on 1st December 2018. Following this transfer, a wind up of activities has continued during the period up to 31 March 2019.

The Trust operated 7 Schools from 1st September 2018 to 1st November 2018 and 3 schools until 1st December 2018. Since this time the Trust has operated no schools.

University Church of England Academy, Ellesmere Port (UCEA) – until 1st December 2018

University of Chester Academy Northwich (UCAN) – until 1st November 2018

University Academy Warrington (UAW) – until 1st December 2018

University Academy Kidsgrove (UAK) – until 1st November 2018

University Church Free School, Chester (UCFS) - until 1st December 2018

University Primary Academy Kidsgrove (UPAK) - until 1st November 2018

University Primary Academy Weaverham (UPAW) – until 1st November 2018

The Trust's academies had a combined pupil capacity of 4,425 and had a roll of 2,345 in the October 2018 school census. As of the 1st December 2018 the Trust had no schools and no pupils on roll.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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 Multi Academy Trust and were set up in November 2011 and amended in September 2014.

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.

Trustees are directors of the charitable company for the purposes of the company law and Trustees for the purposes of charity legislation, and are Governors of the Academy Trust. Details of the Trustees and Directors, who served during the period 1st September 2018 to 31st March 2019, are included in the Reference and Administration Details on Page 3.

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.

Trustees Indemnities

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

University of Chester Academies

TRUSTEE'S REPORT

Method of Recruitment and Appointment or Election of Trustees

Members of the Trust were 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.

All of the Trustees and Directors were 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 developed and maintained a detailed scheme of delegation, which assigned responsibility for decision making across the Trust's activities, including specific areas of delegation to Statement of Action Committees at each academy, which were chaired by National Leaders of Governance to ensure current knowledge and expertise.

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 were subject to regular formal review and revision to ensure that they were fit for purpose. Governance arrangements were reviewed in January 2015 and again in September 2016. A majority of new trustees were appointed in June 2018 at the request of the Regional Schools Commissioner, following the imposition of a Financial Notice to Improve (FNTI) by the Education and Skills Funding Agency.

Policies and Procedures Adopted for the Induction and Training of Trustees

On appointment, all Trustees have undertaken induction and training, based on advice provided by legal consultants and in line with DfE guidance.

All Trustees were provided with full access to a comprehensive online resource, which includes policies, procedures, minutes, accounts, budgets, and other documents required to fulfil their role.

Arrangements for Setting Pay and Remuneration of Key Management Personnel.

Remuneration arrangements for Key Management Personnel followed Trust policies and were based on relevant National Joint Council (NJC) grades. All grades for senior appointments were approved at Board level.

Organisational structure

The established Lines of Delegation continued to be regularly reviewed. This detailed the organisational structure for the Board of Trustees/Directors through a main Board and separate Committees. During this transitional period (where academies were being transferred to new academy groups and the Trust was being prepared for closure) 3 'task and finish' committees led on the Boards thinking in the key areas of; Education and Standards, Finance and Audit and Governance. Statement of Action Committees, who effectively operated as Local Governing Bodies, held Academy Principals to account for the progress of pupils and use of resources and reported regularly to the Board through the CEO. These SAC's were 'wound down' as the schools approached and reached the point of transfer to new academy groups. The Chief Executive Officer (who is the Accounting Officer) and other key officers within the central UCAT senior leadership team were responsible for day-to-day operations. The Board set the short term vision and UCAT wide policies and budgets. The Board then monitored implementation.

University of Chester Academies

TRUSTEE'S REPORT

Trade Union Facility Time

Percentage of Time	Number of Employees
0%	365
1%-50%	4

Total Cost of Facility Time	£333
Total Pay Bill	£2,807,355

% of Total Pay Bill Spent On Facility Time	0.01
--	------

Paid Trade Union Activities

Time spent on trade union activities as a % of total paid facility time hours	Nil
---	-----

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.

At the start of the 2018/19 academic year, UCAT comprised the following Academies:

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

Objectives and Activities

The principle object and activity of the charitable company has been 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. However, following a decision by the Board of Trustees in July 2018 and confirmed subsequently by Members, the Trust resolved to work with the DfE and other academy groups to rebroker the Trust's schools and to formally wind the company up as soon as practical.

The main objective of the Trust during the period through to 31st March 2019 was to enhance the educational experience and attainment of all students remaining in UCAT Academies and to ensure as smooth a transfer as possible until the rebrokering of all academies could be achieved. Further to this, the Trust undertook significant activity and care to ensure that it was fully compliant with the FNTI and the subsequent Qualifying Floating Charge (QFC) required by ESFA to release sufficient funding for the Trust to rebroker and wind up in a proper manner. This clearly involved strong scrutiny of all financial matters and a clear drive and direction to reduce costs and expenditure.

University of Chester Academies

TRUSTEE'S REPORT

Strategies and Activities

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

Following the reconstitution of the Trust Board with the appointment of new Trustees, a New Chair and a new Vice Chair in June 2018, the 'task and finish' committees worked quickly to review educational standards and activities, the financial health, stability and sustainability of the Trust and the structure and effectiveness of Governance. The decision of the Secretary of State to announce in July 2018 his intention to rebroker the largest school in the Trust University Church of England Academy (UCEA) in Ellesmere Port and following on from previous discussions with the Regional Schools Commissioner and the DfE to rebroker University of Chester Academy Northwich, University Academy Kidsgrove, University Primary Academy Kidsgrove and University Primary Academy Weaverham; reports from the Boards committees strongly influenced Trustees in taking the decision to seek to rebroker all schools in the Trust, to wind down its activities and to close the Trust as soon as practical. This course of action was subsequently approved by Members.

The strategy of Trustees therefore changed, with the agreement of the ESFA and the RSC/DfE to move towards closure, rebrokering schools to other Trusts, whilst continuing to provide for those pupils who remained in its charge. Educationally and academically this change of strategy led to a focus on achieving a rapid and smooth transition to new academy groups and providing support and information to ensure that the learning of pupils was not disrupted in any way by the changes taking place. Financially, working together in close consultation and with the approval of all activities by the ESFA and Regional Development Group (RDG), the Trust has complied fully with all the requirements of the FNTI, carefully scrutinised and reduced costs wherever possible in this transitional period and worked hard to ensure that all parties have had clear sight, understanding and a part to play in all financial decisions. In governance terms, Trustees took the decision to refocus the UCAT Board to the UCAT Transitional Board with appropriate emphasis on educational transition, financial stringency and a smooth and orderly closure. The Trustees in partnership with the DfE/RSC, ESFA and RDG established a Transitional Steering Group (TSG) that meets virtually (by conference call) on a weekly basis and includes senior representatives from the above groups together with the Executive Team of the Trust. The TSG is still operational at the time of writing these accounts. This has proven hugely successful in providing clarity for all partners, sight and understanding of all issues and increasing the efficacy and speed of decision making through delegated authority from the Trust Board. The overall strategy of the TSG has been to deliver the decisions of the Board within the framework of the constraints and needs of other partners; in effect this has led to a focus on achieving the smooth and successful transition of schools to new Trusts in as timely a manner as possible, with strong regard to reducing costs, achieving savings and ensuring financial probity at all times; and finally to engineer an appropriate and orderly solvent closure of the Trust. Meetings, actions and documents shared with and developed by the TSG all work to these three strands.

University of Chester Academies

TRUSTEE'S REPORT

Public Benefit

The Directors have continued to comply 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 extremely careful consideration to the Charity Commission's general guidance on public benefit. The Trust existence was predicated on transforming young lives through the power of education and the Trustees were committed to achieving this by providing the best educational opportunities for their students so they may lead happy and fulfilling lives with high aspirations for their future. This ultimately led to the decision of Trustees to rebroker the schools to other providers in order to fully achieve this aim.

The Directors and Management continued to implement a strategy to pursue this aim and to support the successful transition to new academy groups.

STRATEGIC REPORT

Review of Achievements and Performance for the Period

Background:

UCAT has been in operation since September 2009. The Trust grew rapidly to 10 schools over a period of four years. Schools joining the Trust, brokered by the DfE, all faced significant challenges in terms of low achievement, low reputation and therefore low pupil numbers and low recruitment; this meant that financial issues were a significant difficulty for the Trust as it grew. A Pre Warning Notice was issued by the DfE to the Trust in 2013. Despite some improvement in some schools in the Trust and the agreement for the Trust to sponsor and open a new Free School, the educational position and financial stability of the Trust did not improve. The Trust was in further discussions with the DfE around these issues from 2015 and two schools, University Academy Liverpool and University Academy Birkenhead were rebrokered in 2015. Subsequently, the Trust approached the DfE in 2016 to ask for support in finding a local solution to continued falling rolls and the financial viability of two further schools and the rebrokering these were agreed during the early part of the 2017/18 financial period.

As part of the continuing dialogue between the Trust and the DfE/ESFA in May 2018 a FNTI was issued, and in June 2018, DfE/EFSA through the RSC suggested to members the appointment of a number of additional specialist Trustees to support governance in the Trust by setting direction for the Trust, but also to assess ongoing viability. Following the Ofsted judgement for UCEA as being 'inadequate' earlier in that year and significant political pressure from the local MP, the Secretary of State announced in July 2018 a decision to re-broker the University Church of England Academy in Ellesmere Port, the largest school in the Trust. This significantly influenced the considerations of the reconstituted Board and resulted in the UCAT Board taking the decision in July 2018, that the Trust could not continue to operate financially or educationally with two schools. It therefore resolved to formally wind up its activities and ask the DfE to urgently re-broker all of its schools. The Board's decision was taken after the detailed assessment of Financial and Educational KPIs led to the conclusion that the Trust was not viable and after consultation with the Members, the Board's strategic direction refocussed to maintaining support for schools and reducing financial costs alongside active re-brokering to solvent Trusts.

This was successfully achieved during the Autumn term of the 2018/19 academic year with academies rebrokered as follows:

University Academy Kidsgrove and University Primary Academy Kidsgrove:

Transferred to the Shaw Trust on November 1st 2018.

University of Chester Academy Northwich and University Primary Academy Weaverham:

Transferred to North West Academies Trust on November 1st 2018

University Church Free School:

Transferred to North West Academies Trust on December 1st 2018

University Church of England Academy:

Transferred to the Frank Field Education Trust on December 1st 2018

University Academy Warrington:

Transferred to The Challenge Academy Trust on December 1st 2018.

University of Chester Academies

TRUSTEE'S REPORT

The accounts for the period to 31st March 2019 reflect the period of the transfer of assets to the receiving Trusts, and subsequent write off of remaining net assets and liabilities. The accounts have been drawn up on the basis of the plans discussed and shared in detail with the TSG that the Trust will remain solvent during the remaining legal process which will be finalised when the Trust is closed.

Going Concern

The Trust has incurred deficits during previous financial years and has been required to submit recovery plans to the ESFA aimed at achieving a balanced budget. However as a result of the ongoing forecast deficit position and with the Trust having exhausted all reserves available, additional funding was agreed and made available by the ESFA.

Taking the above into account the Trust was issued with a Financial Notice to Improve in May 2018 and on 22nd October 2018 agreed the imposition of a Qualifying Floating Charge (QFC) by the ESFA in order to release further support funding in the wind up period.

Trustees made the decision to put in place procedures in partnership with the DfE/ESFA to formally dissolve the Trust following rebrokering of all academies to alternative Trusts, which was completed by December 2018. As a result, these financial statements for the period ended 31st March 2019 have been prepared on a cessation basis.

Risk Management

The Board of Directors reviewed the process for managing risk and agreed that it would be continued to be managed at Board level but with a changed emphasis on managing the risks in the context of transition. New transitional risks for the Trust were added to the risk register as soon as the decision to close the Trust was taken.

Where risks impacting schools/academies could not be mitigated or closed prior to rebrokering, then the risks were handed over to the receiving Trusts.

The updated risk register had a final review by the Board in February 2019, and all risks were deemed to be closed/mitigated.

Performance Indicators

The Trust committed to observing the importance of performance indicators, to ensure that it continued to strive for both educational and financial probity. The Trust has been and is formally monitored through the completion and submission to the ESFA of:

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

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.

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.

University of Chester Academies

TRUSTEE'S REPORT

Financial Review

The significant majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurring grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 March 2019 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 ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Trust has acknowledged that pupil numbers are below those previously targeted which therefore has a significant implication on overall funding levels. During recent years, reduced pupil numbers have resulted in a significant decrease in funding for the Trust. A range of management actions have been implemented to reduce costs including staffing restructures and curriculum revision which utilises ESFA recommended models. However, after taking planned efficiencies into account the Trust set a deficit budget of £0.6million for the 2018/19 part financial year and carried a deficit of £3.6million negative balance of reserves (excluding fixed asset and pensions) into the 2018/19 financial year.

The Trust has submitted a number of Recovery Plans to the ESFA. However as a result of the continued forecast deficit position a Financial Notice to Improve (FNTI) was issued in May 2018.

Over the past year the Trust has received emergency support funding from ESFA totalling £3.442million, with a further £0.6million received to fund restructuring costs and costs associated with the Trust's closure. At all points the Board has endeavoured to keep these closure costs to a minimum.

At 31 March 2019 the net book value of fixed assets was £Nil after all fixed assets were transferred out of the Trust. Movements in tangible fixed assets are shown in note 12 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, and have been transferred to the recipient Trusts in full as reflected in this report.

UCEA had 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. This balance has now been transferred to the Council to be held on behalf of the Frank Field Education Trust and used to benefit pupils of the academy.

Total expenditure in the period ended 31st March 2019 exceeded income by £34,647,000, after taking into account depreciation of fixed assets of £239,000. The additional deficit reflects delays in transfer, balances transferred out and written off, and exceptional costs related to redundancies on closedown of the Trust. It should also be noted that actuarial losses on the defined benefit pension scheme of £387,000 have arisen in the period. A provision has been made in the financial statements under FRS 102 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 23 to the financial statements. The only cash flow impact of this deficit is that the employer's contribution rates for all schemes include a past service rate valuation to clear the deficit over a 20 year period.

The fund balances at 31 March 2019:

The balance sheet reflects the requirement to transfer balances to incoming Trusts and to write off/back remaining balances on wind up of the Trust, therefore all balances are at nil value.

Based on the assumption that the Education and Skills Funding Agency approves the final close down of operations on a solvent basis, the Trust will be closed within 12 months from the date of signing the financial statements. These financial statements have therefore not been prepared under the going concern assumption but rather on a cessation basis.

University of Chester Academies

TRUSTEE'S REPORT

Reserves Policy

Trustees have historically determined that they would 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. The targeted level of reserves to be held was between 5-10% of general restricted and unrestricted income. Reserves are nil as at 31 March 2019 to reflect the transfer out of all academies within the Trust.

Investment Policy

The Trust has no available surplus reserves for investment. However, if this were to be the case the Trust would have a risk-averse appetite to investments; any available surplus reserves would be invested for maximum return within that risk appetite.

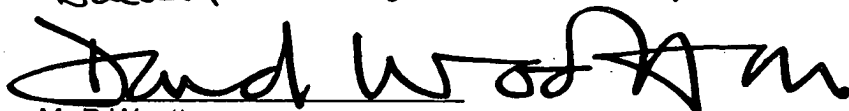
Principal Risks and Uncertainties

Having achieved the target of rebrokering all academies in quick time, the major risk remains in terms of the dissolution of the Trust as quickly and efficiently as possible.

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 report of the Trustees and incorporated Strategic Report were approved by the Board of Trustees on 30th January 2020 and signed on their behalf by:



Mr D Wootton
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 delegated the day-to-day responsibility during the year to the Chief Executive Officer, acting as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the master funding agreement and supplementary funding agreements between UCEA, UCAN, 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 ten times during the period from 1st September 2018 up to 31st March 2019. Attendance during the period at meetings of the Board of Trustees was as follows:

Directors	Meetings attended	Out of possible
Mr D Cumberland	10	10
Mr T Boulton	9	10
Mr D Wootton	10	10
Mr R Gill	8	10
Mr K Sorrell	3	10
Mrs S Dempsey	6	10
Mrs A Cheema	6	10

The Board of Trustees has significant experience in both the educational and private sector, with Trustees strongly challenging leadership to deliver improvement in outcomes. They have received regular updates on improvement initiatives based on validated data and sought external advice where appropriate. More recently, and in view of the current position of the Trust, the Board has been formally retitled the UCAT Transition Board, to reflect the priority in its aims and objectives.

The Finance, Audit and Scrutiny Committee is a sub-committee of the Board. 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. As a result of the current position of the Trust, the Board has been involved in the financial aspects of the Trust at a detailed level and over the period has addressed areas previously under the remit of the Audit and Scrutiny Committee.

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 period by ensuring that the rebrokering and closedown process has been undertaken in a way to minimise additional costs wherever possible and reduce the requirement for further emergency loan funding.

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 period ended 31st March 2019 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 period ended 31st March 2019 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/Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Trustees have requested the external auditors (Mazars LLP) to undertake additional checks to assess the level of risk and visits have been made to each academy to ensure that internal controls and procedures are being operated in line with UCAT Finance Manual.

University of Chester Academies Trust
GOVERNANCE STATEMENT

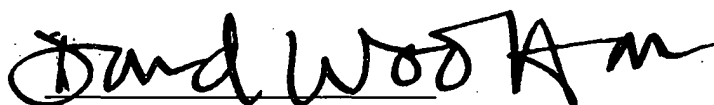
Review of Effectiveness

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

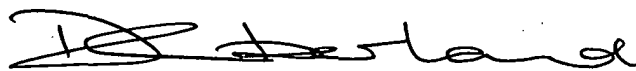
- the work of the external auditor; and
- the work of the Senior Leadership Team within the Trust who have responsibility for the development and maintenance of the internal control framework.

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 had 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 ^{30th January} 2020 signed on its behalf by:



Mr. D Wootton
Chairman



Mr. D. Cumberland
Accounting Officer

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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

Other than the issues raised in the regularity report from the Reporting Accountant, no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. The issues raised have been actioned by the Trust in a timely manner.



Mr. D. Cumberland
Accounting Officer

Date

~~2019~~

30th January 2020

University of Chester Academies Trust

STATEMENT OF TRUSTEE'S 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

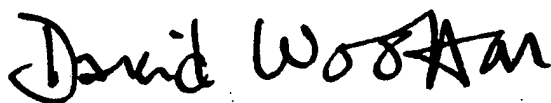
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) 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 ESFA / DfE have been applied for the purposes intended.

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

Approved by order of the Members of the Board of Trustees on ^{30th January 20²⁰} and signed on its behalf by:



Mr. D Wootton
Chairman

Independent auditor's report to the Board of Trustees of University of Chester Academies Trust

We have audited the financial statements of University of Chester Academies Trust ("the 'trust'") for the period ended 31 March 2019 which comprise of the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of preparation

These financial statements have not been prepared on a going concern basis for the reason set out in note 1 to the financial statements. We have nothing to report in respect of our conclusions relating to going concern as the accounts have been appropriately prepared on a basis other than going concern and the appropriate disclosures have been made. Our opinion is not modified in respect of this matter.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report including the incorporated strategic report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 18, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

University of Chester Academies Trust


INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEE'S

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

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

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Neil Barton (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
1 St Peter's Square
Manchester
M2 3DE

Date: 31 JANUARY 2020

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

In accordance with the terms of our engagement letter dated 30 January 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University of Chester Academies Trust during the period 1 September 2018 to 31 March 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to University of Chester Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to University of Chester Academies Trust and the ESFA those matters we are required to state to it 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 University of Chester Academies Trust and the ESFA, 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 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 March 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to raw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 March 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- As per Paragraph 2.3.1 of the Academies Financial Handbook a Board of Trustees must approve and submit a balanced budget each financial year. Given the Trust's financial difficulties and pending closure, this was not achieved.
- As per Paragraph 2.3.2 of the Academies Financial Handbook, an Academy Trust must submit to the ESFA, in a form specified by the ESFA, a 3-year budget forecast return. Given the Trust's pending closure, this was not achieved.
- It is a requirement per Paragraph 2.10.1 of the Academies Financial Handbook for Academy Trust's to publish the relevant business and pecuniary interests of members, trustees, local governors and accounting officers. The Trust no longer has a website which discloses this.
- It is a requirement per Paragraph 2.10.1 of the Academies Financial Handbook for Academy Trusts to publish the governance arrangements in its governance statement and in a readily accessible form on its website. The Trust no longer has a website which discloses this.

Mazars LLP

Mazars LLP

Chartered Accountants

1 St Peter's Square
Manchester
M2 3DE

Date: *31 January 2020*

University of Chester Academies Trust
STATEMENT OF FINANCIAL ACTIVITIES
7 Month Period ended 31st March 2019

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endow- ment Funds	7 month period ended 31 March 2019	Year ended 31 August 2018
	Notes	£000	£000	£000	£000	£000	£000
Income and endowments from:							
Donations and capital grants	2	-	-	20	-	20	77
Charitable activities:							
Funding for the academy trust's educational operations	3	-	2,958	-	-	2,958	14,291
Other trading activities	4	235	58	-	-	293	1,336
Investments	5	1	-	-	-	1	3
Total income		236	3,016	20	-	3,272	15,707
Expenditure on:							
Raising funds	6	46	-	-	-	46	203
Impairment charge	6	-	-	-	-	-	630
Charitable activities:							
Academy trust educational operations	6	-	4,223	239	-	4,462	20,152
Transfer out on academies leaving the Trust	26	-	(5,754)	43,373	100	37,719	-
Extraordinary write off	26	-	(5,027)	-	-	(5,027)	-
Exceptional costs	6	-	331	-	-	331	657
Total expenditure		46	(6,227)	43,612	100	37,531	21,642
Net income / (expenditure)		190	9,243	(43,592)	(100)	(34,259)	(5,935)
Transfers between funds	15	(190)	248	(58)	-	-	-
Other recognised gains / (losses):							
Remeasurement of defined benefit pension schemes	23	-	(387)	-	-	(387)	2,107
Remeasurement of enhanced benefit pension schemes		-	(1)	-	-	(1)	2
Net movement in funds		-	9,103	(43,650)	(100)	(34,647)	(3,826)
Reconciliation of funds							
Total funds brought forward		-	(9,103)	43,650	100	34,647	38,473
Total funds carried forward		-	-	-	-	-	34,647

All activities relate to discontinuing operations due to the transfer of all academies out of the Trust during the period.

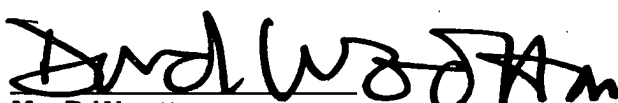
University of Chester Academies Trust

BALANCE SHEET

As at 31st March 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	12	-	-	-	43,598
Long Term Deposit - Endowment Asset		-	-	-	100
					<u>43,698</u>
Current assets					
Debtors	13	-	-	742	-
Cash at bank and in hand		-	-	387	-
				<u>1,129</u>	
Current liabilities					
Creditors: Amounts falling due within one year	14	-	-	(4,669)	-
Net current (liabilities)/assets			-		<u>(3,540)</u>
Total assets less current liabilities			-		<u>40,158</u>
Net assets excluding pension liability			-		40,158
Defined benefit pension scheme liability	23	-	-	-	(5,268)
Provision for future enhanced Pensions		-	-	-	(243)
Net assets			-		<u>34,647</u>
Funds of the academy trust:					
Endowment funds	16	-	-	-	100
Restricted funds					
Fixed asset fund	15	-	-	43,650	-
Restricted income fund	15	-	-	(3,561)	-
Pension reserve	15	-	-	(5,268)	-
Enhanced pension reserve		-	-	(274)	-
Total restricted funds			-		<u>34,547</u>
Unrestricted income funds	15	-	-	-	0
Total funds			-		<u>34,647</u>

The financial statements on pages 27 to 53 were approved by the Trustees on 30th January 2020 and are signed on their behalf by:


Mr. D. Wootton
Chairman


Mr. D. Cumberland
Accounting Officer

University of Chester Academies Trust

STATEMENT OF CASH FLOWS

7 Month Period ended 31st March 2019

	Notes	7 month period ended 31 March 2019 £000	Year ended 31 August 2018 £000
Cash flows from operating activities			
Net cash used in operating activities	20	(395)	(1,138)
Cash flows used in investing activities	21	8	-
Change in cash and cash equivalents in the reporting period		<u>(387)</u>	<u>(1,138)</u>
Cash and cash equivalents at 1 September 2018 / 1 September 2017		387	1,525
Cash and cash equivalents at the 31 March 2019 / 31 August 2018		<u>-</u>	<u>387</u>

ACCOUNTING POLICIES

1 Statement of Accounting Policies

General Information

University of Chester Academies Trust (UCAT) is a charitable company ("the Academy Trust"). The address of the Trust's principal place of business is given on page 4. The nature of the Academy Trusts' operations are set out in the Trustee's report.

Basis of Preparation

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the financial statements in respect of all the years presented, unless otherwise stated.

The financial statements are presented in sterling, which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

As noted below the financial statements have been prepared on a cessation basis.

Going Concern

By 30 November 2018 all academies had transferred from the Trust and its funding agreement was terminated on this date. In the period to 31 March 2019, the Central Trust function has worked to address financial commitments outstanding at the point of transfer and to agree net assets/liabilities for the transferee trusts. During this period the Trust continued to be funded by emergency loan payments by the ESFA.

As a result these statements have not been prepared on a going concern basis and as a result of the cessation of the funding agreement the accounting period has been shortened to 31 March 2019.

Income

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

Grants (Government and other)

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 in full in the Statement of Financial Activities in the period for which it is receivable. Any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised when there is entitlement and when performance related conditions have been

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

met and are not deferred over the life of the asset on which they are expended. Unspent amounts are reflected in the balance in the restricted fixed asset fund.

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.

Donations

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

Other income

Other income including hire of facilities is recognised in the period it is receivable and to the extent, the Academy Trust has provided the goods or service.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs, which contribute to more than one activity and support costs, which are not attributable to a single activity, are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

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

All resources expended are inclusive of 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.

Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

University of Chester Academies Trust

NOTES FOR PERIOD ENDED 31ST MARCH 2019

Freehold property	2%
Long leasehold property	2%
Furniture and equipment	25%
Computer hardware	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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

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

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

The Trust holds a provision for enhanced pension provision due to an ongoing commitment resulting from staff restructuring, which took place at the University Church of England Academy in the 2010/11 Academic year.

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.

Leased assets

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

All school buildings, except University of Chester Free School, are held by the Trust under long-term leasehold agreements from the Local Authorities at nil cost. The central Trust occupies office space at UCEA at no additional cost to the Trust. Members have agreed that any residual net assets (eg. furniture and IT) will be transferred on closure to the Frank Fiel's Education Trust.

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.

Pensions Benefits

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

University of Chester Academies Trust

NOTES FOR PERIOD ENDED 31ST MARCH 2019

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised as other comprehensive income.

Actuarial gains and losses are recognised immediately as other comprehensive income.

Enhanced pensions

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

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 ESFA/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 ESFA/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.

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction,

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Agency Arrangements

The academy trust distributes 16-19 bursary fund as agent for the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds.

The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. These pension liabilities have been transferred out during the period along with the academies meaning the pension liability as at 31 March 2019 is £Nil. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical Areas of Judgement

The trustees believe that critical areas of judgement do not have significant risk of causing material difference to the carrying amounts of assets and liabilities, within the next financial period, prior to closure of the Trust at which point the remaining assets and liabilities will be transferred out.

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000
Capital Grants	-	20	20	-	77	77
	-	20	20	-	77	77

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000
DfE / ESFA grants						
General Annual Grant (GAG)	-	2,687	2,687	-	12,798	12,798
Start Up Grants	-	20	20	-	28	28
Other DfE/ESFA grants	-	194	194	-	1,129	1,129
	-	2,901	2,901	-	13,955	13,955
Local Authority Grants	-	57	57	-	336	336
Other income from the academy trusts educational operations	235	58	293	-	-	-
	235	3,016	3,251	-	14,291	14,291

4 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000
Trips, Uniforms and Lettings Income	34	29	63	180	180	360
Catering Income	2	-	2	9	-	9
Sports Centre Income	42	-	42	172	5	177
Rents, supply insurance recoveries and other income	157	29	186	677	113	790
	235	58	293	1,038	298	1,336

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000
Short term deposits	1	-	1	3	-	3
	1	-	1	3	-	3

6 Expenditure

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

	Staff Costs	Non Pay Expenditure		Total	Staff Costs	Non Pay Expenditure		Total
		Premises	Other	2019		Premises	Other	2018
	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure on Raising Funds								
Catering Income	-	-	2	2	-	-	9	9
Sports Centre Income	44	-	-	44	194	-	-	194
	44	-	2	46	194	-	9	203
Academy's educational operations:								
- Direct costs	2,529	238	319	3,086	11,818	1,079	1,077	13,974
- Impairment charge	-	-	-	-	-	630	-	630
- Allocated support costs	539	470	367	1,376	2,814	2,053	1,311	6,178
	3,068	708	686	4,462	14,632	3,762	2,388	20,782
Exceptional consultancy, severance	331	-	-	331	657	-	-	657
Academies Transferred Out	-	43,373	(5,654)	37,719	-	-	-	-
Extraordinary write off / (write back)	-	-	(5,027)	(5,027)	-	-	-	-
Total	3,443	44,081	(9,993)	37,531	15,483	3,762	2,397	21,642

Expenditure on raising funds was £46k (2018: £203k) all of which was unrestricted.

Net income/(expenditure) for the period includes:

	2019 £000	2018 £000
Operating lease rentals	26	71
Depreciation	239	1,079
Impairment charge	-	630
Net interest on defined pension benefit liability (note 23)	31	170
Fees payable to Mazars LLP as auditor	20	28
	316	1,978

6 Expenditure (continued)

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

The analysis of Audit Fees charged to the Trust during the period is as follows:

	2019	2018
	£000	£000
Audit of Statutory accounts	20	22
Other audit services	-	6
	<u>20</u>	<u>28</u>

7 Charitable Activities

	Total	Total
	2019	2018
	£000	£000
Direct costs – educational operations	3,086	13,974
Support costs – educational operations	1,376	6,178
	<u>4,462</u>	<u>20,152</u>

Analysis of support costs	Educational	Total	Total
	operations	2019	2018
	£000	£000	£000
Support staff costs	538	538	2,814
Premises Costs	470	470	2,053
Other Support Costs	368	368	1,276
Governance Costs	-	-	35
Total support costs	<u>1,376</u>	<u>1,376</u>	<u>6,178</u>

Expenditure on charitable activities was: £4,462k (2018: £20,782k) of which £Nil (2018: Nil) was unrestricted, £239k (2018: £2,339k) was restricted fixed asset funds including impairment charge of £630k) and £4,223k (2018: £19,073k) was restricted general funds.

8 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
- estate services

The trust charges for these services on the following basis:

- Allocation of costs based on proportion of GAG funding to each academy.

In the prior year the Trust charged at a flat percentage of 5% based on GAG income.

The actual amounts charged during the period were as follows:

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

	2019	2018
	£000	£000
UCEA	50	258
UCAN	18	128
UAW	32	155
UAK	18	147
UCFS	8	47
UPAK	7	52
UPAW	6	47
TOTAL	139	834

9 Staff

a. Staff costs

Staff costs during the period were:

	Total	Total
	2019	2018
	£000	£000
Wages and salaries	2,185	10,521
Social security costs	223	1,012
Operating costs of defined benefit pension schemes	436	2,474
	2,844	14,007
Supply staff costs	268	819
Staff restructuring costs	331	657
	3,443	15,483

Staff restructuring costs comprise:

	2019	2018
	£000	£000
Redundancy payments	323	618
Severance payments	8	39
	331	657

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs this year was a payment to The Shaw Trust to fund a non-statutory/non-contractual severance payment totalling £8,750 (2018: £38,597), made to one member of staff (2018: 3).

All other costs are statutory/contractual redundancy costs.

c. Staff numbers

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

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

	2019	2018
	No.	No.
Teachers	53	158
Administration and support	83	232
Management	11	30
	147	420

d Higher paid staff

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

	7 month period ended March 31 2019	2018
	No.	No.
£60,001 - £70,000	-	10
£70,001 - £80,000	1	2
£80,001 - £90,000	-	2

As salaries cover the 7 month period, only one member of staff accrued employee benefits (excluding pension costs) of over £60,000. This resulted from a contractual redundancy payment.

e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (excluding employer pension benefit contributions but including redundancy payments) received by key management personnel for their services to the Trust was £154,511 (2018: £221,519).

One member of the management team was recharged by the sponsors – as noted in the related party disclosure note.

10 Related Parties Transactions – Trustees Remuneration and Expenses

One or more trustees has been paid remuneration or received benefits from an employment with the academy trust. The current Chief Executive is employed by the trust on a part time basis and recharged by his employers at the University of Chester (UCAT sponsors):

Remuneration: £20,000-£25,000 (2018: £10,000-£15,000)
Employers Pension Contribution: £0-£5,000 (2018: £0-£5,000)

During the period ended March 31st 2019 travel and subsistence expenses totalling £733 (2018: £916) were reimbursed or paid directly to 2 trustees (2018: 3).

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

11 Trustees and Officers Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring while on academy business. The insurance provides cover of up to £1,000,000 (2018: £1,000,000) for any one claim. The cost of the insurance is included in the overall charge through the ESFA Risk Protection Agreement.

12 Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Furniture and Equipment	Computer Hardware	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2018	4,431	44,043	2,314	2,525	53,313
Additions	-	-	10	3	13
Transfer out to other Academy Trusts	(4,431)	(44,043)	(2,324)	(2,528)	(53,326)
At 31 March 2019	-	-	-	-	-
Depreciation					
At 1 September 2018	96	5,041	2,223	2,355	9,715
Charged in period	13	192	14	20	239
Transfer out to other Academy Trusts	(109)	(5,233)	(2,237)	(2,375)	(9,954)
At 31 March 2019	-	-	-	-	-
Net book values					
At 31 August 2018	4,335	39,002	91	170	43,598
At 31 March 2019	-	-	-	-	-

13. Debtors:

	2019	2018
	£000	£000
Trade debtors	-	78
Prepayments	-	229
Accrued income	-	257
Other debtors	-	35
Other taxation and social security	-	143
	-	742

14 Creditors: Amounts Falling due within one year

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

	2019	2018
	£000	£000
Trade creditors	-	508
Other creditors	-	1,678
Other taxation and social security	-	251
Pension creditor	-	231
Enhanced pension cost	-	11
Accrued expenditure	-	888
Deferred income	-	319
ESFA creditor: abatement of GAG	-	783
	-	<u>4,669</u>

Deferred income	2019	2018
	£000	£000
Deferred income at 1 September 2018	316	316
Released from previous years	(316)	(316)
Resources deferred in the year	-	319
Deferred Income at 31 March 2019 / 31 August 2018	-	<u>319</u>

The deferred income reported above includes areas where income and funding has been received in advance of its due date.

	2019	2018
	£'000	£'000
Included within deferred income:		
Business rates	-	72
Universal Infant Free School Meals Funding	-	32
School Trips	-	64
Designated Provision - UAW	-	36
School Games Organiser	-	14
Leisure Centre Income	-	23
SEN	-	41
Other	-	37
	-	<u>319</u>

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

15 Funds (financial period ended 31st March 2019)

	Balance at August 31 st 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 st March 2019 £000
Restricted general funds					
General Annual Grant (GAG)	(3,264)	2,687	(4,160)	4,737	-
Start Up Grant	-	20	(20)	-	-
Other DfE/ESFA grants	-	194	(194)	-	-
Standard funds grants	-	57	(57)	-	-
Other grants	(297)	58	(65)	304	-
Pension reserve	(5,268)	-	(58)	5,326	-
Restricted Future Pension Reserve	(274)	-	(2)	276	-
	(9,103)	3,016	(4,556)	10,643	-
Restricted fixed asset funds					
Transfer fixed assets on conversion	15	-	-	(15)	-
Transfer of Land and Buildings on conversion	20,580	-	(191)	(20,389)	-
Donated Fixed Assets	21,155	-	(12)	(21,143)	-
DfE/ESFA capital grants	1,821	20	(35)	(1,806)	-
Capital expenditure from GAG	79	-	-	(79)	-
	43,650	20	(238)	(43,432)	-
Total restricted funds	34,547	3,036	(4,794)	(32,789)	-
Endowment Funds	100	-	-	(100)	-
Total unrestricted funds	-	236	(46)	(190)	-
Total funds	34,647	3,272	(4,840)	(33,079)	-

15 Funds (continued)

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

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

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 the end of the prior period (31 August 2018).

Start-up Grants are DfE / ESFA 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 ESFA 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 from unused capital funding (£58,000) and unrestricted funds (£190,000) to reduce the deficit on the restricted fund.

Other grants relates to various income streams and includes hire of sports facilities.

Restricted Fixed Asset Funds;

DfE Capital Grants – income for the year relates to 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 ESFA.

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 two Local Government Pension Schemes (note 23).

Restricted Future pension reserve is to fund enhanced pension payments to former academic staff (note 23).

Endowment Funds is an investment fund (note 16).

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Previous year movements in funds (financial year ended 31st August 2018)

	Balance at August 31 st 2017	Income	Expenditure	Gains, losses and transfers	Balance at August 31 st 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	(1,261)	12,798	(17,046)	2,245	(3,264)
Start Up Grant	-	28	(28)	-	-
Other DfE/ESFA grants	-	1,129	(1,129)	-	-
Standard funds grants	-	336	(336)	-	-
Other grants	(226)	297	(368)	-	(297)
Pension reserve	(6,562)	-	(813)	2,107	(5,268)
Restricted Future Pension Reserve	(267)	-	(9)	2	(274)
	(8,316)	14,588	(19,729)	4,354	(9,103)
Restricted fixed asset funds					
Transfer fixed assets on conversion	15	-	-	-	15
Transfer of Land and Buildings on conversion	22,110	-	(1,530)	-	20,580
Donated Fixed Assets	21,168	-	(13)	-	21,155
DfE/ESFA capital grants	2,232	77	(166)	(322)	1,821
Capital expenditure from GAG	36	-	(166)	43	79
	45,561	77	(1,709)	(279)	43,650
Total restricted funds	37,245	14,665	(21,438)	4,075	34,547
Endowment Funds	100	-	-	-	100
Total unrestricted funds	1,128	1,041	(203)	(1,966)	-
Total funds	38,473	15,706	(21,641)	2,109	34,647

15 Funds (continued)

Analysis of academies by fund balance

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Fund balances at 31 March 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
UCEA (Ellesmere Port)	-	(1,197)
UCAN (Northwich)	-	(759)
UAW (Warrington)	-	(530)
UAK (Kidsgrove)	-	(935)
UCFS (Primary, Chester)	-	(235)
UPAK (Primary, Kidsgrove)	-	(177)
UPAW (Primary, Weaverham)	-	(175)
UCAT (Central Reserves)	-	447
	-	(3,561)
Restricted fixed asset fund	-	43,650
Pension reserve	-	(5,542)
Endowment Funds	-	100
Total	-	34,647

The Trust allowed individual Academies to carry forward reserves based on 15% of their GAG funding at 31 August 2018. At 31 August 2018, funds identified for specific projects were agreed to be transferred to restricted funds; any remaining balance greater than 15% can 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 2018.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2019 £000	Total 2018 £000
UCEA	783	194	22	312	1,311	5,582
UCAN	333	57	2	261	653	3,741
UAW	589	89	19	259	956	3,474
UAK	318	41	8	78	445	3,190
UCFS	158	72	2	52	284	1,034
UPAK	138	23	1	36	198	1,133
UPAW	86	22	-	42	150	956
UCAT Central Services	126	47	-	185	358	768
Academy Trust	2,531	545	54	1,225	4,355	19,878

16 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, and the capital has remained untouched with the interest arising available to be used for the benefit of the students of the Academy. This endowment has been transferred back to CWAC to be held for the benefit of the children at the academy.

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

17 Analysis of Net Assets between Funds (Period ending 31st March 2019)

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total Funds £000
Tangible fixed assets	-	-	-	-	-
Current assets	-	-	-	-	-
Current liabilities	-	-	-	-	-
Endowment asset	-	-	-	-	-
Pension scheme liability	-	-	-	-	-
Total Net Assets as at 31st March 2019	-	-	-	-	-

Analysis of Net Assets between Funds (Analysis of Prior Year ending 31st August 2018)

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total Funds £000
Tangible fixed assets	-	-	43,598	-	43,598
Current assets	-	1,077	52	-	1,129
Current liabilities	-	(4,669)	-	-	(4,669)
Endowment asset	-	-	-	100	100
Pension scheme liability	-	(5,511)	-	-	(5,511)
Total Net Assets as at 31st Aug 2018	-	(9,103)	43,650	100	34,647

18 Capital Commitments

	2019 £000	2018 £000
Contracted for, but not provided in the financial statements	-	-

19 Commitments Under Operating Leases

At 31st March 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating lease were as follows:

	2019 £000	2018 £000
Amounts due within one year	-	48
Amounts due between one and five years	-	50
	-	98

20 Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

	2019 £000	2018 £000
Net expenditure for the reporting period (as per the statement of financial activities)	(34,259)	(5,935)

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Adjusted for:

Impairment Charge	-	630
Non cash transfers/write off	32,692	-
Cash transfers	(441)	-
Depreciation charges (note 12)	239	1,079
Capital grants from DfE and other capital income	(20)	(77)
Interest receivable (note 5)	(1)	(3)
Defined benefit pension scheme cost less contributions payable (note 23)	27	642
Defined benefit pension scheme finance cost (note 23)	31	169
Decrease / (Increase) in debtors*	367	(168)
Increase in creditors*	970	2,525

Net cash used in Operating Activities

(395) (1,138)

*the movement in debtors and creditors is calculated using the opening balance as per the balance sheet and the total amount of debtors/creditors transferred out or written off as the notional closing balances

21 Cash Flows from Operating Activities

	£000	£000
Dividends interest and rents from investments	1	3
Purchase of tangible fixed assets	(13)	(80)
Capital grants from DfE/ESFA	20	77
Net cash from investing activities	8	-

Analysis cash and cash equivalents

	At 31 March 2019 £000	At 31 August 2018 £000
Cash in hand and at bank	-	387
Total cash and cash equivalents	-	387

22 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.

23. 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, 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 2016.

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.

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

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

The pension cost paid to TPS in the seven month period ended March 31st 2019 amounted to £241,703 (2018: £1,140,024).

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 102), the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out the information available on the scheme.

Pension and similar obligations (continued)

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 £315,000 of which employer's contributions totalled £134,000 and employees' contributions totalled £47,000. The agreed employer's contribution rates ranged from 19.8% to 24.3% with employee contributions varying from 5.5% to 9.9%.

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

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Pension and similar obligations (continued)

University of Chester Academies Trust's Consolidated Pension Funds

Consolidated Scheme Deficit

	Cheshire Pension Fund £000	Staffordshire Pension Fund £000	Total LGPS 2018/19 £000
Market Value of Assets	-	-	-
Present Value of Scheme Liabilities	-	-	-
Scheme deficit	-	-	-

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	(381)	(1,383)
Net interest cost	(31)	(170)
Total operating charge	(412)	(1,553)

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 102 is £356,000 gain (2018: £743,000 gain).

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

	2019 £000	2018 £000
At 1 September	19,439	19,425
Current service cost	381	1,383
Interest cost	125	501
Employee contributions	47	200
Actuarial (gain) / loss	(180)	(1,901)
Benefits paid	(12)	(169)
Transferred Out	(19,800)	-
At 31 March 2019 / 31 August 2018	-	19,439

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Pension and similar obligations (continued)

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

	2019	2018
	£000	£000
At 1 September	14,171	12,863
Interest income	94	331
Return on plan assets (excluding net interest on the net defined pension liability)	(567)	206
Actuarial gain / (loss)	-	-
Employer contributions	354	740
Employee contributions	47	200
Benefits paid	(12)	(169)
Transferred Out	(14,087)	-
At 31 March 2019 / 31 August 2018	-	14,171

i) Cheshire Pension Fund

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the period ended 31 March 2019 was £314,000 (2018: £690,000), of which employer's contributions totalled £373,000 (2018: £527,000) and employees' contributions totalled £41,000 (2018: £156,000). The agreed contribution rates for future years range from 19.8% to 24.3% for employers and from 5.5% to 9.9% per cent for employees.

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

Pension and similar obligations (continued)

Principal Actuarial Assumptions	At 31 March 2019	At 31 August 2018
Rate of increase in salaries	2.8%	2.7%
Rate of increase for pensions in payment/inflation	2.5%	2.4%
Discount rate for scheme liabilities	3.0%	2.8%
Inflation assumption (CPI)	2.5%	2.4%
Pension and similar obligations (continued)		

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

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

	At 31 March 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.3	22.3
Females	24.5	24.5
<i>Retiring in 20 years</i>		
Males	23.9	23.9
Females	26.5	26.5

The academy's share of the assets in the scheme were:

	Fair value at 31 March 2019	Fair value at 31 August 2018
	£000	% £000
Equity instruments	-	48 5,771
Debt instruments	-	43 5,170
Property	-	8 962
Cash	-	1 120
Total market value of assets	-	12,023

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	(316)	(1,075)
Net interest cost	(21)	(112)
Total Operating Charge	(337)	(1,187)

Pension and similar obligations (continued)

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Changes in the present value of defined benefit obligations were as follows:

	2019	2018
	£000	£000
At 1 September	15,342	15,312
Current service cost	316	1,075
Interest cost	106	395
Employee contributions	41	156
Actuarial (gain)/loss	(285)	(1,469)
Benefits paid	(10)	(127)
Transfers out of the trust	(15,510)	-
At 31 March 2019	-	15,342

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

	2019	2018
	£'000	£000
At 1 September	12,023	11,011
Interest income	85	283
Return on plan assets	(483)	125
Employer contributions	273	575
Employee contributions	41	156
Benefits paid	(10)	(127)
Transfers out of the trust	(11,929)	-
At 31 March 2019	-	12,023

ii) Staffordshire Pension Fund

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the period ended 31 March 2019 was £87,000 (2018: £208,000), of which employer's contributions totalled £81,000 (2018: £164,000) and employees' contributions totalled £6,000 (2018: £44,000). The agreed contribution rates for future years are 22.2% to 23.2% per cent for employers and 5.5% to 9.9% per cent for employees.

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

Pension and similar obligations (continued)

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

Principal Actuarial Assumptions	At 31 March 2019	At 31 August 2018
Rate of increase in salaries	2.90%	2.70%
Rate of increase for pensions in payment/inflation	2.50%	2.30%
Discount rate for scheme liabilities	2.90%	2.80%
Inflation assumption (CPI)	2.50%	2.30%

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

	At 31 March 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.4	26.4

The academy's share of the assets in the scheme were:

	Fair value at 31 March 2019 £000	Fair value at 31 August 2018 £000
Equity instruments	-	1,504
Debt instruments	-	408
Property	-	172
Cash	-	64
Total market value of assets	-	2,148

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	(65)	(308)
Net interest cost	(10)	(58)
Total operating charge	(75)	(366)

Changes in the present value of defined benefit obligations were as follows:

2019	2018
-------------	-------------

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019

	£000	£000
At 1 September	4,097	4,113
Current service cost	65	308
Interest cost	19	106
Employee contributions	6	44
Actuarial (gain) / loss	105	(432)
Benefits paid	(2)	(42)
Transfers out of the trust	(4,290)	-
At 31 March 2019	-	4,097

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

	2019	2018
	£000	£000
At 1 September	2,148	1,852
Interest income	9	48
Return on plan assets (excluding net interest on the net defined pension liability)	(84)	81
Employer contributions	81	165
Employee contributions	6	44
Benefits paid	(2)	(42)
Transfers out of the trust	(2,158)	-
At 31 March 2019	-	2,148

24. Related Party Transactions

Apart from the above, no related party transactions took place in the period of account other than the trustees' remuneration and expenses disclosed in note 10.

25. Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA.

	2019	2018
	£000	£000
At 1 September	6	26
Received	7	10
Bursary Repaid to ESFA	-	(17)
Distributed	(3)	(13)
Transfers out of trust	(10)	-
Balance at 31 March 2019	-	6

26. Transfers out of the Trust

On 31st October 2018 the University of Chester Academies Trust transferred some of its academies to alternative trusts, with the remaining academies transferred out on 30th November 2018. The Central Trust

University of Chester Academies Trust
NOTES FOR PERIOD ENDED 31ST MARCH 2019.

has continued to close down operations and facilitate transfers up until 31st March 2019, following which the legal process to dissolve the Trust has begun.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were at their fair value with a corresponding net amount recognised in the Statement of Financial Activities, including cash adjustment in respect of balances on current assets/liabilities. As the Trust was also operating for some time at a deficit, the analysis also details the amounts eliminated from the balance sheet on closure.

<u>Tangible Fixed Assets</u>	<u>Transferred</u>		<u>Written Off/ Written Back</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Freehold Land and Buildings	4,322			-
Leasehold Land and Buildings	38,810			-
IT Equipment	153			-
Furniture	87	43,372		0
Current Assets				
Debtors due in less than one year	317		60	
Cash at Bank and in hand	544	861	61	121
Liabilities				
Creditors due in less than one year	(751)	(751)	(4,947)	(4,947)
Pensions				
Pension Scheme Liabilities	(5,763)	(5,763)	(201)	(201)
		37,719		(5,027)
Summary of write offs:				£'000
Emergency Funding ESFA*				3,442
ESFA* funding for restructuring				630
Pupil Number adjustment creditor				833
Repayment of loan				(61)
Net debtors written off in negotiations				(18)
Sub Total				4,826
Pension scheme deficit (Central Trust)				201
Total				5,027

*of this ESFA funding £1,625k was issued as recoverable and £2,447k non-recoverable.