

Company Registration No. 07671255 (England and Wales)

CHANCERY EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

FRIDAY



A6LSQJEO

A25

22/12/2017

#177

COMPANIES HOUSE

CHANCERY EDUCATION TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 10
Governance statement	11 - 13
Statement on regularity, propriety and compliance	14
Statement of Directors' responsibilities	15
Independent auditor's report on the accounts	16 - 18
Independent reporting accountant's report on regularity	19 - 20
Statement of financial activities	21 - 22
Balance sheet	23
Cash flow statement	24
Notes to the accounts	25 - 45

CHANCERY EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

Duncan Parr (Member, Chair of Trust Board)*
Stella Brackpool (Vice Chair of Governors)*- Resigned as Director 06.09.17)
Matt Rampton (CEO and Accounting Officer)*
Lynne Dando (Principal) - Resigned as a Director of
Pickhurst Academy 06.09.17)*
Robert Jasper (Director of Finance and Personnel)* Resigned 10.03.17
Lady Anna Bosher (resigned 26.01.17)
Matthew Gibbs (Appointed Director of Pickhurst Academy 28 February 2017,
Resigned as Director 25.04.17)
John Wood (resigned as a Director of Pickhurst Academy 06.09.17)
Stephen Hills (Appointed Director of Trust Board 09.09.17)
Shelley Muscatt (Appointed Director of Trust Board 09.09.17)
Elizabeth Minas (Appointed Director of Trust Board 09.09.17)
* members of the Finance and Audit Committee

MembersDuncan Parr

Paul O' Neill (Appointed08.03.16)
Andrew Ralph (Appointed 08.03.16)

Senior management team

- CEO	Matt Rampton
- Principal	Lynne Dando (Seconded to Davidson Primary Academy October 2016)
-Acting Principal	Anne Marie Phillips (Resigned from post 16.12.16)
- Assistant Head Teacher	Laura Marsh (Acting Principal to Pickhurst Academy 01.09.17)
- Assistant Head Teacher	Kimberley Dempster (Resigned from post 16.03.17)
-Assistant Head Teacher	Maxine Anderson (Acting Principal to Pickhurst Academy resigned from post 31.08.17)
- Director of Finance and Personnel*	Robert Jasper (Resigned as Director 10.03.17)

Company registration number 07671255 (England and Wales)

Academies operated	Location	Headteacher/Principal
Pickhurst Academy	Bromley	Mrs L March (Acting Principal)
Davidson Primary Academy	Croydon	Mrs L Dando
Darrick Wood Infant & Nursery School (Joined as at 1 st September 2017)	Bromley	Mrs A Rampton

Registered office Pickhurst Lane
West Wickham
Kent
BR4 0HL
United Kingdom

Independent auditor Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

CHANCERY EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank PLC
6-8 Market Square
Bromley
Kent
BR1 1NA

Solicitors

Judicium Consulting Limited
25 Watling Street
London
EC4M 9BR

Bath

Stone King LLP
13 Queen Square

BA1 2HJ

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Directors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Directors' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2016/17 issued by the ESFA.

The principal activity of the Trust is the operation of two primary school academies, Pickhurst Junior Academy in Bromley and Davidson Primary School in Croydon during the period of these accounts. There is a long tradition of providing the highest quality of education that will meet the needs of every child and enable them to achieve their personal best. Funding is obtained from the Department for Education (DfE) through the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The Trust has a pupil roll of 510 at Pickhurst and 295 at Davidson, according to each school's census dated October 2016. As from 1st September 2017 Darrick Wood Infant & Nursery School will join the Trust.

Structure, governance and management

Constitution

Chancery Education Trust is a company limited by guarantee with no share capital (registration no. 07671255) and an exempt charity. The Charitable Company's memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The directors of Chancery Education Trust are also the directors of the charitable company for the purposes of company law. Details of the directors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' indemnities

There are no qualifying third party indemnity provisions.

Directors and Governors' liability is covered under the Trust's comprehensive insurance policy.

Method of recruitment and appointment or election of Directors

In accordance with the articles of association, the directors of the charitable company are appointed as follows:

- a) Up to 7 directors appointed by the members, including up to 1 staff Trustee;
- b) Up to 1 "Ignite" Trustee appointed by Ignite Education Trust (an Umbrella Trust whose members are themselves academy trusts);
- c) A minimum of 2 parent directors elected by parents;
- d) The Chief Executive Officer is a Trustee provided they agree to so act;
- e) Further directors may be co-opted by the directors at the time.

In respect of those appointed by the members or directors, when a vacancy arises, the members or directors seek to make an appointment that would maximise the relevant skills and experience on the board as a whole.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new directors and of local governors will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All directors are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as directors. The Trust also purchases the Governor Training Scheme run by Octavo Partnership a Croydon Council approved provider.

Organisational structure

The board of Directors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The board meets at least three times a year and has five committees;

- Finance and Audit Committee
- Premises Committee.
- Academic
- Pupil Wellbeing
- Staff Wellbeing

The Finance Committee fulfils the functions of an Audit Committee.

Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

The board of governors delegates specific responsibilities to its committees, the activities of which are reported to and discussed at full Board Meetings.

Day to day management of the Academies is undertaken by the Chief Executive Officer supported by the Senior Leadership Team.

The Chief Executive Officer is the Accounting Officer and the Director of Finance is the Principal Finance Officer.

Local academies within the Trust operate under a scheme of delegation agreed by the Trust Board.

The Trust Board meets at least a minimum of three times a year.

Committee reports

The Trust's Local Governing Board meet regularly to ensure that each school is meeting objectives of the development plan and take key decisions relating to the operation of the schools. Governing Boards are kept fully informed of the schools' performance and that the key decisions are suitably informed.

Arrangements for setting pay and remuneration of key management personnel

The Senior Leadership Team (SLT) are the key management personnel of the Trust. Directors are also senior management although they receive no pay or other remuneration in respect of their role as directors. Where staff directors are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are directors are set out within the notes to the accounts.

The pay of the CEO and Principal is set annually by the Pay Committee, having regards to performance against objectives set the previous year. Pay of other SLT members is also set by the Pay Committee again having regard to performance against previously agreed objectives and any recommendations made by the CEO.

Related Parties and other Connected Charities and Organisations

The Trust is a member of the Ignite Education Trust along with four other Academies. We also have a relationship with Pickhurst Infant Academy, a separate Academy Trust, who share our site and provide us with many of our Year 3 intake.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Register of Business Interests records relationships with related parties and any other charities/organisations with which the academy co-operates in the pursuit of charitable activities. Details of transactions with related parties are set out in the relevant note to the accounts.

Objectives and activities

Objects and aims

The charitable company's principal object is the advancement of education.

Chancery Education Trust promotes and achieves excellence and recognises the importance of outstanding teaching and learning by actively encouraging creativity and innovation, whilst having consistent standards of behaviour and attendance. A non-negotiable of Chancery Education Trust is treating everyone as equal, whilst celebrating diversity, protecting all through safeguarding, health and safety and welfare is paramount.

The main objectives during the year were;

- To constantly inspire all of our students to problem-solve, think creatively, work collaboratively and communicate effectively so that, at the age of 11, they are ready to move with confidence to the next phase in their education
- Achieve outstanding KS1 and KS2 results across the Trust
- To ensure our SEN and Pupil Premium students achieve the highest educational outcomes possible by the extra provision of Teaching and Learning resources
- To provide the best available facilities in order to enable our students to thrive in a stimulating but safe environment.

Objectives, strategies and activities

Given the continually changing educational environment we continue to expand our outreach work in order to support Academies and Schools that require improvement. We will also strive to strengthen and underpin our independence by developing key strategic alliances with other like-minded Academies and Schools. These objectives and strategies help support the Government's national objective of school improvement.

Public benefit

In setting the objectives and planning the associated activities, Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. In accordance with its charitable objectives, Chancery Education Trust strives to advance the education of the pupils attending the Academies that operate through the Trust. The Trust's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education through all of the Trust's academies, within their local areas.

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

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

Charitable Activities

2016-17 has been a successful year for Chancery Education Trust. Pickhurst Academy continued to achieve outstanding KS2 results above national average. Davidson Primary academy joined Chancery Trust during the year and the Trust's first few months of working with Davidson have been fruitful. We have implemented a programme of school improvement which is overseen and driven by the trust. Pickhurst Academy are working closely with the Davidson team, sharing knowledge and experience, support and good practice. We have laid firm foundations for future improvement, the beneficiaries of which will be the children at Davidson who we will see flourish and achieve their full potential. Under the stewardship of the Trust and new senior leadership team Davidson Primary Academy's teaching and learning in EYFS/KS1/KS2 has significantly improved which was reflected in their key stage progress data and commended by a visit from the Regional Commissioners office.

As a MAT we have worked with a further school within Bromley, which converted into our Academy at the beginning of September 2017.

Pickhurst Academy

Pickhurst Academy has enjoyed another successful year culminating in an outstanding set of Key Stage 2 results. This places the school in the top 5% of schools nationally and for the size and type of school Pickhurst remains one of the best performing schools in the country. The solid dedication and hard work of our staff and students has led to our Year 6 cohort achieving the following outstanding results under the rigorous, more demanding and challenging national KS2 assessment framework.

Whilst the Directors and Local Governing Boards review a wide range of performance measures, the SAT results at key stage 2 have the highest profile in how the school is judged and are therefore included here for reference.

Reading 87.6% of our students achieved 'Expected' against a national average of 71%
Writing 89% of our students achieved 'Expected' against a national average of 76%
Maths 93% of our students achieved 'Expected' against a national average of 75%
GPS 85.2% of our students achieved 'Expected' against a national average of 77%

Both the boys and girls at Pickhurst Academy have produced another year of outstanding Sport performances and results in both individual and team sports, 2017 has been another record breaking sporting year for the Academy. Pickhurst has yet again been recognised as the most successful school for sport in the London Borough of Bromley.

It is our intention to replicate this outstanding sporting success at Davidson Academy and we have committed significant resources to improve their sporting provision to ensure every single student can participate in a sport or activity irrespective of ability. This is further highlighted by our lunchtime provision where our sports leaders have introduced many new sports and other activities in order that every student can be challenged in something of interest to them.

As a dedicated Forest School we continue to invest heavily in this safe outdoor learning provision. This provides an excellent opportunity for our students across the Trust to develop self-esteem and independence through exploring and experiencing the natural world.

Our two residential trips for our Year 4 and Year 6 cohorts were extremely popular and successful. Year 4 went to Marchants Hall in Surrey and Year 6 crossed the channel to Normandy in France.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Davidson Primary Academy

The Year 1 phonics screening test, KS1 and KS2 SATs results for 2016-17 were a huge improvement on last year and a fantastic achievement for the Academy.

	National 2016	Davidson 2016	Davidson 2017	Percentage increase from 2016
Year 1 Phonics	81%	69%	80%	+11%

KS1	National 2016		Davidson 2016		Davidson 2017		Percentage increase from 2016	
	EXP	GD	EXP	GD	EXP	GD	EXP	GD
Reading	74%	24%	59%	0%	82%	27%	+23%	+27%
Writing	65%	13%	58%	0%	78%	12%	+20%	+12%
Maths	73%	18%	74%	0%	83%	21%	+9%	+21%
R/W/M	53%	5%	56%	0%	76%	12%	+20%	+12%

KS2	National 2016		Davidson 2016		Davidson 2017		Percentage increase from 2016	
	EXP	GD	EXP	GD	EXP	GD	EXP	GD
Reading	66%	19%	56%	0%	69%	25%	+13%	+25%
Writing	74%	15%	46%	0%	81%	8%	+35%	+8%
Maths	70%	17%	74%	0%	81%	52%	+7%	+52%
GPS	70%	23%	68%	0%	85%	67%	+17%	+67%
R/W/M	53%	5%	37%	0%	69%	6%	+32%	+6%

Key financial performance indicators

To monitor the financial performance of the trust the directors use key financial indicators.

The Current Ratio is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities and we believe is an appropriate measure of the financial health of the Academy.

At 31 August 2017, our current assets exceed our current liabilities by a ratio 1.6 to 1 (2016; 1.4:1) which is an indication of the financial strength of the Trust. Going forward we would like this ratio to remain between the range of 1 -2:1

The most effective Cost Control Measure we monitor is Total Staff Costs as a percentage of Total Grant Income. Total Grant Income includes GAG, SEN Matrix Funding and Pupil Premium.

The figure for the year ended 31 August 2017 is 81.1% (2016; 73.2%) which is just above our targeted level of 80%.

Other key performance indicators

Pickhurst Academy achieved another 'Outstanding' rating after a Challenge Partners review following an extensive and rigorous assessment. Our gold accreditation of Investors in People Award underpins the dedication and commitment of our highly skilled and motivated staff. We continue to invest heavily in resources to turn around the performance of Davidson Academy and achieve similar ratings and accreditation.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board of Directors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Financial Review

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant -GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the directors.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of directors ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

The following balances were held at 31 August;

Fund	Category	2017 £'000	2016 £'000
GAG	Restricted General Funds	69	4
Other DfE/ESFA Grants	Restricted General Funds	0	0
Other Income	Restricted General Funds	<u>86</u>	<u>80</u>
Sub-total	General Restricted Funds	155	84
Unspent Capital Grants	Restricted Fixed Asset Fund	0	0
Other Income	Unrestricted General Fund	<u>89</u>	<u>93</u>
Sub-Total	Spendable Funds	244	177
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	12,202	12,369
Share of LGPS Deficit	Restricted Pension Reserve	<u>(1,519)</u>	<u>(1,631)</u>
Total	All Funds	<u>10,927</u>	<u>10,915</u>

Reserves policy

The Trusts' policy on reserves is to continue to build and maintain them in order that it is able to fund future expenditure related to the Trust's Development Plan's strategic long-term aims and developments. It is also the policy of the Trust to carry forward a prudent level of reserves designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

The Trust aims to continue to reduce the deficit in the Local Government Pension Scheme inherited on conversion to Academy status of both of its academies.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Investment policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal risks and uncertainties

The principal financial risk faced by the company is that ongoing pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the Trustees and the local governing bodies of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), directors consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

The directors have assessed the major risks to which the trust is exposed, in particular those relating to adverse economic conditions including the pension deficit, public spending cuts and the reforms to the funding of state education, Health and Safety, Child Protection and Welfare, Academic attainment and Dependency on key individuals without adequate cover. The directors and senior management have implemented a number of systems to assess risks that the Trust faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Senior Leadership Team and overseen by Directors and reviewed on an annual basis.

Plans for future periods

The principal task facing the company remains the total commitment to maintain and improve on the excellent educational standards achieved by Pickhurst and replicate this across the whole trust. Through our strong family ethos we will ensure we continue to meet the needs and aspirations of every single student who attends any of our Academies. This will commitment by the directors, governors, our staff and parents all working together to achieve this overarching ambition.

Key objectives for the year ahead:

We will continue to support other Schools and Academies through our outreach work and we will also continue to develop strategic alliances with other like-minded Academies and those schools aspiring or considering to develop into Multi-Academy Trusts. In tandem, the Trust will be working closely with the Regional Schools Commissioner as a DfE sponsor school. Currently Pickhurst and Davidson Academy are delighted that Darrick Wood Infant and Nursery School joined the Trust in September 2017. This will hopefully be followed by 2 or 3 other Academies. We are committed to building a network of outstanding Academies with the aim of raising standards across the Trust for all our students.

In line with the strategic plan of Chancery Education Trust, the board look to grow by up to six schools in the next three years.

We will continue to invest in our staffing structure to ensure we can achieve our objectives. This will include the ongoing recruitment of highly skilled and effective practitioners, incentives to reward existing staff who produce outstanding results and go above and beyond what would normally be expected.

We will continue to concentrate on staff training and development and also make significant investments in learning resources to ensure that our staff can deliver an outstanding education to our children.

We will look to further close the attainment gap between children on the Free School Meals register and their peers.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Chancery Education Trust – School Improvement and Development priorities for the year ahead:

Priority 1: Outcome for pupils

To ensure there is an inspiring, engaging and creative curriculum for all children.

To accelerate the progress of all pupils in order that outcomes at the end of EYFS, in Y1 Phonics screening check and end of KS1 and KS2 are above national expectations.

Priority 2: Quality of teaching, learning and assessment

To increase the percentage of consistently good and outstanding teaching across the school (100% good or better by July 2018)

Priority 3: The effectiveness of leadership and management

To develop the new leadership structure and ensure all leaders are accountable for effectively driving whole school improvement.

Leaders at all levels have a clear understanding of how the school is doing and are accountable for key areas in order to effectively drive whole school improvement.

Priority 4: Personal development, behaviour and welfare

To ensure there is inclusive, nurturing and aspirational environment for all

Priority 5: Site and the Environs

Funds held as custodian trustee on behalf of others

The Trust does not act as a Custodian Trustee and therefore does not hold any funds on behalf of others.

Auditor

In so far as the Directors are aware:

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

The directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 18th December 2017 and signed on its behalf by:



Duncan Parr
Chair of Directors

CHANCERY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to Matt Rampton, the Chief Executive Officer (CEO), as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between the Trust and the Secretary of State for Education. The CEO is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Directors	Meetings attended	Out of possible
Duncan Parr (Chair of Governors)	3	3
Stella Brackpool (Vice Chair of Governors)	3	3
Matt Rampton (CEO and Accounting Officer)	3	3
Lynne Dando (Deputy Head Teacher)	2	3
Robert Jasper (Director of Finance and Personnel)	1	3
John Wood	3	3
Andrew Ralph	1	3

Mr Ralph works abroad for the majority of the year which makes the attendance at meetings difficult. He does provide invaluable support to the Board and corresponds regularly. Mr Ralph resigned as a Director and was appointed as Member of the Trust on 08.03.16.

The Board of Directors is very experienced and is made up of individuals with wide ranging and appropriate skills.

The trust intends to conduct its next self-evaluation of governance this year with the help and support of the London Borough of Croydon Governor Support Package.

The Finance and Audit Committee is a sub-committee of the main Board of Directors. Its purpose is to assist and support the Board of Directors, ensuring sound oversight is exercised over the management of the Trust's finances and resources. The Trust board changed membership in March 2016 when Pickhurst Academy transferred to Chancery Education Trust.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Duncan Parr (Chair of Governors)	33	
Stella Brackpool (Vice Chair of Governors)	3	3
Matt Rampton (Head Teacher and Accounting Officer)	2	3
Lynne Dando (Deputy Head Teacher)	2	3
Robert Jasper (Director of Finance and Personnel)	1	3

Review of Value for Money

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

CHANCERY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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 Directors where value for money can be improved, including the use of benchmarking data where available. This year has resulted in savings in catering, office supplies and other administrative functions.

The Accounting Officer in conjunction with the Principal Finance Officer constantly drive to improve our use of resources to deliver best value for money. Improved value for money has been achieved in 2016/17. Several contracts have been renegotiated, using economies of scale, over all the schools within the Trust in areas such as grounds maintenance, catering, and a review of reprographic contracts. This has enabled financial savings to be achieved, as well as standardising the service received. All purchases are subject to the official ordering process and all orders are signed by the Executive Headteacher. Any invoices received for which an order has not been placed are investigated and discussed with the Executive Headteacher. The Trust's financial procedures have been embedded across the Trust. A number of further contracts which are due for renewal across the Trust are planned to be reviewed over the coming year.

Directors approve the annual budget and received detailed income and expenditure reports, including foreseen variances. Monitoring of each school's budget is through robust challenging of spending which has increased the robustness of internal control measures and the Trust's ability to handle risk.

By managing the capital replacement window project at Davidson Primary Academy internally with the help of a Principal Contractor we were able to save on a number of consultant's costs usually associated with a project of this size. The Trust's full tendering and procurement process was followed to achieve best value and the project was completed on time during the Summer holidays 2017.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has 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 Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 01 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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 Board of Governors;
- regular reviews by the Finance and Audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

CHANCERY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

The Board of Directors have considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Directors have appointed Baxter & Co, to complete the internal audit function. Baxter & Co internal audit department is run completely separately from their external audit department giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

In particular the checks carried out in the current period included:

- A review of the accounting system
- A cross-check between a sample of payroll and personnel records
- A review and test check of the Academy Trust's procedures and controls operating within the purchasing system
- A review and test check of catering income
- A review of school trip arrangements

Baxters internal audit reports to the Directors on the operation of the systems of control and on discharge of the governing body's financial responsibilities. The internal audit role is carried out by a separate team at Baxter & Co with no connection to the audit team, this is to ensure the reviews are carried out independently.

Baxter & Co have delivered their schedule of work as planned and all recommendations have been actioned.

Review of effectiveness

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

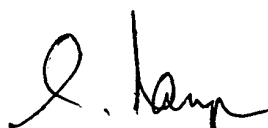
- the work of the internal auditor
- the work of the external Auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Directors on 18th December 2017 and signed on its behalf by:



Duncan Parr
Chair of Directors



Matt Rampton
Accounting Officer

CHANCERY EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Chancery Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) 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 2016.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



Matt Rampton
Accounting Officer

18 December 2017

CHANCERY EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for Chancery Education Trust and are also the directors of Chancery Education Trust for the purposes of company law) are responsible for preparing the Trustees' 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 unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these 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 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Trustees on 18 December 2017 and signed on its behalf by:



Duncan Parr
Chair of Governors

CHANCERY EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANCERY EDUCATION TRUST

Opinion

We have audited the Financial Statements of Chancery Education Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 Academy Trust in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Trustees have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

CHANCERY EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANCERY EDUCATION TRUST (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Trustees are responsible for the other information. 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 our audit:

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Trustees' 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 the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

CHANCERY EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANCERY EDUCATION TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David John Walsh FCCA (Senior Statutory Auditor)
For and on behalf of Baxter & Co
Statutory Auditor
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

Dated: ¹⁹ December 2017

CHANCERY EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHANCERY EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 2 November 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chancery Education Trust during the period 1 September 2016 to 31 August 2017 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 Chancery Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Chancery Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Chancery Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chancery Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Chancery Education Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.9 of the Academies Financial Handbook 2016, issued by the ESFA.

CHANCERY EDUCATION TRUST

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baxter & Co
Independent Reporting Accountants
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

Dated: ¹⁹ December 2017

CHANCERY EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	-	-	87	87	157
Donations - Introduction of new academy to the trust		-	-	-	-	5,922
Charitable activities:						
- Funding for educational operations	4	-	4,472	-	4,472	3,480
Other trading activities	5	71	-	-	71	23
Total income and endowments		<u>71</u>	<u>4,472</u>	<u>87</u>	<u>4,630</u>	<u>9,582</u>
Expenditure on:						
Raising funds	6	-	25	-	25	3
Charitable activities:						
- Educational operations	7	66	4,433	267	4,766	3,380
Total expenditure	6	<u>66</u>	<u>4,458</u>	<u>267</u>	<u>4,791</u>	<u>3,383</u>
Net income/(expenditure)		5	14	(180)	(161)	6,199
Transfers between funds		(9)	(4)	13	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	173	-	173	(480)
Net movement in funds		<u>(4)</u>	<u>183</u>	<u>(167)</u>	<u>12</u>	<u>5,719</u>
Reconciliation of funds						
Total funds brought forward		<u>93</u>	<u>(1,547)</u>	<u>12,369</u>	<u>10,915</u>	<u>5,196</u>
Total funds carried forward		<u>89</u>	<u>(1,364)</u>	<u>12,202</u>	<u>10,927</u>	<u>10,915</u>

The comparative figures for 2016 are analysed according to fund on the next page of these financial statements.

CHANCERY EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2016 £'000
Income and endowments from:					
Donations and capital grants	3	-	-	157	157
Donations - Introduction of new academy to the trust		63	(1,005)	6,864	5,922
Charitable activities:					
- Funding for educational operations	4	-	3,480	-	3,480
Other trading activities	5	23	-	-	23
Total income and endowments		<u>86</u>	<u>2,475</u>	<u>7,021</u>	<u>9,582</u>
Expenditure on:					
Raising funds	6	-	3	-	3
Charitable activities:					
- Educational operations	7	18	3,268	94	3,380
Total expenditure	6	<u>18</u>	<u>3,271</u>	<u>94</u>	<u>3,383</u>
Net income/(expenditure)		68	(796)	6,927	6,199
Transfers between funds		-	(240)	240	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	18	-	(480)	-	(480)
Net movement in funds		68	(1,516)	7,167	5,719
Reconciliation of funds					
Total funds brought forward		25	(31)	5,202	5,196
Total funds carried forward		<u>93</u>	<u>(1,547)</u>	<u>12,369</u>	<u>10,915</u>

CHANCERY EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017	2016
	Notes	£'000	£'000
Fixed assets			
Tangible assets	11	12,202	12,369
Current assets			
Stocks	12	5	5
Debtors	13	177	280
Cash at bank and in hand		446	365
		628	650
Current liabilities			
Creditors: amounts falling due within one year	14	(384)	(473)
Net current assets		244	177
Net assets excluding pension liability		12,446	12,546
Defined benefit pension liability	18	(1,519)	(1,631)
Total net assets		10,927	10,915
Funds of the Academy Trust:			
Restricted funds	16		
- Fixed asset funds		12,202	12,369
- Restricted income funds		155	84
- Pension reserve		(1,519)	(1,631)
Total restricted funds		10,838	10,822
Unrestricted income funds	16	89	93
Total funds		10,927	10,915

The Financial Statements set out on pages 21 to 45 were approved by the Board of Trustees and authorised for issue on 18 December 2017 and are signed on its behalf by:



Duncan Parr
Chair of Governors

Company Number 07671255

CHANCERY EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	19		84		372
Cash funds transferred on conversion			-		63
			<u>84</u>		<u>435</u>
Cash flows from investing activities					
Capital grants from DfE and ESFA		87		157	
Payments to acquire tangible fixed assets		(90)		(397)	
		<u></u>	<u>(3)</u>	<u></u>	<u>(240)</u>
Change in cash and cash equivalents in the reporting period			81		195
Cash and cash equivalents at 1 September 2016			<u>365</u>		<u>170</u>
Cash and cash equivalents at 31 August 2017			<u><u>446</u></u>		<u><u>365</u></u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The Financial Statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Chancery Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

1.3 Income

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

Grants receivable

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

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

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

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, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Governance costs

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

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Leasehold land & buildings	2% Straight Line
Computer equipment	33.33% Straight Line
Fixtures, fittings & equipment	10% Straight Line

Fixed Asset Transfer from the Predecessor School

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described below:

Land

Where land is owned (or occupied under the terms of a long term lease), subject to a legally binding restriction as to its use, it is included at fair value, based on its existing use.

Buildings

In accordance with the requirements of FRS 102, specialist buildings transferred from the predecessor school are recognised at their depreciated replacement cost at the time of the transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

Other Fixed Assets

Other fixed assets transferred from the predecessor school are also included at depreciated replacement cost (subject to the capitalisation limit set).

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.

1.6 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.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

1.7 Leasing and hire purchase commitments

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

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

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

1.11 Pensions benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, 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 are recognised in the period to which they relate.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Local Government Pension Scheme

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

1.12 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2017. 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

In preparing these Financial Statements, the Trustees have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	87	87	157

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	3,885	3,885	2,834
Other DfE / ESFA grants	-	318	318	230
	-	4,203	4,203	3,064
Other government grants				
LA grants	-	13	13	26
Other funds				
Other incoming resources	-	256	256	390
Total funding	-	4,472	4,472	3,480

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	44	-	44	17
Uniform Sales	11	-	11	6
Other Income	16	-	16	-
	71	-	71	23

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

	Staff costs £'000	Premises & occupancy costs £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Expenditure on raising funds	-	-	25	25	3
Academy's educational operations					
- Direct costs	2,820	207	364	3,391	2,282
- Allocated support costs	599	372	404	1,375	1,098
	<u>3,419</u>	<u>579</u>	<u>793</u>	<u>4,791</u>	<u>3,383</u>

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	8	8
- Other services	8	6
Operating lease rentals	13	17
Depreciation of tangible fixed assets	257	94
Net interest on defined benefit pension liability	31	17

Included within expenditure are the following transactions:

	2017 £
Gifts made by the trust - total	<u>296</u>

Clarification - While the majority of disclosure in these accounts are rounded to £'000, disclosure of gifts are not. The value of gifts for the year was £296 (and not £296k).

Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

The Academy Trust does not top-slice or charge for its services. Costs are allocated directly to each academy and when one incurs costs on behalf of the other there is a recharge processed based on actual costs incurred. Central costs are allocated between each academy on an equitable basis when they arise.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	33	3,358	3,391	2,282
Support costs - educational operations	33	1,342	1,375	1,098
	<u>66</u>	<u>4,700</u>	<u>4,766</u>	<u>3,380</u>

	Total 2017 £'000	Total 2016 £'000
Analysis of support costs		
Support staff costs	599	501
Depreciation and amortisation	50	19
Technology costs	25	-
Premises and occupancy costs	322	241
Other support costs	305	272
Governance costs	74	65
	<u>1,375</u>	<u>1,098</u>

8 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	2,069	1,585
Social security costs	178	109
Operating costs of defined benefit pension schemes	365	274
Staff costs	<u>2,612</u>	<u>1,968</u>
Supply staff costs	777	284
Staff restructuring costs	30	11
Total staff expenditure	<u>3,419</u>	<u>2,263</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory severance payments totalling £30k. Individually, the payments were £20k and £10k.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2017 Number	2016 Number
Teachers	25	32
Administration and support	86	64
Management	6	6
	<u>117</u>	<u>102</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,000 - £70,000	1	1
£80,001 - £90,000	1	-
£120,001 - £130,000	1	-
£140,001 - £150,000	-	1
	<u>-</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions, excluding employer NIC) received by key management personnel for their services to the Academy Trust was £531,499 (2016: £402,309, excluding agency management staff).

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees.

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

M Rampton (Head Teacher):

- Remuneration £120,000 - £125,000 (2016: £140,000 - £145,000)
- Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000)

R Jasper (Staff Trustee to 10 March 2017):

- Remuneration £60,000 - £65,000 (2016: £50,000 - £55,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £10,000 - £15,000)

L Dando (Staff Trustee):

- Remuneration £80,000 - £85,000 (2016: £60,000 - £65,000)
- Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

During the year, travel and subsistence payments totalling £435 (2016: £1,668) were reimbursed or paid directly to 1 Trustees (2016: 3 Trustees). Expenses were incurred in the course of performing the duties of employment.

Other related party transactions involving the Trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,260 (2016: £1,372). The cost of this insurance is included in the total insurance cost.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Leasehold land & buildings £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 September 2016	12,454	124	84	7	12,669
Additions	74	9	7	-	90
At 31 August 2017	12,528	133	91	7	12,759
Depreciation					
At 1 September 2016	260	27	6	7	300
Charge for the year	207	41	9	-	257
At 31 August 2017	467	68	15	7	557
Net book value					
At 31 August 2017	12,061	65	76	-	12,202
At 31 August 2016	12,194	97	78	-	12,369

Leasehold land and buildings includes the net book value of leasehold land at 31 August 2017 of £2,079k.

12 Stocks

	2017 £'000	2016 £'000
Uniform Stock	5	5

13 Debtors

	2017 £'000	2016 £'000
Trade debtors	38	-
VAT recoverable	41	138
Prepayments and accrued income	98	142
	177	280

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14	Creditors: amounts falling due within one year	2017	2016
		£'000	£'000
	Trade creditors	45	169
	Other taxation and social security	57	44
	Other creditors	34	39
	Accruals and deferred income	248	221
		<u>384</u>	<u>473</u>
15	Deferred income	2017	2016
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	16	37
		<u>16</u>	<u>37</u>
	Deferred income at 1 September 2016	37	-
	Released from previous years	(37)	-
	Amounts deferred in the year	16	37
		<u>16</u>	<u>37</u>
	Deferred income at 31 August 2017	16	37

Deferred income at 31 August 2017 represents UIFSM grant income received in advance of £15k (2016: £37k) and trip income in advance of £1k (2016: nil).

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	4	3,885	(3,816)	(4)	69
Other DfE / ESFA grants	-	318	(318)	-	-
Other government grants	-	13	(13)	-	-
Other restricted funds	80	256	(250)	-	86
	<u>84</u>	<u>4,472</u>	<u>(4,397)</u>	<u>(4)</u>	<u>155</u>
Funds excluding pensions	84	4,472	(4,397)	(4)	155
Pension reserve	(1,631)	-	(61)	173	(1,519)
	<u>(1,547)</u>	<u>4,472</u>	<u>(4,458)</u>	<u>169</u>	<u>(1,364)</u>
Restricted fixed asset funds					
Transferred on conversion	11,109	-	(209)	-	10,900
DfE / ESFA capital grants	864	87	(31)	4	924
Capital expenditure from GAG and other funds	396	-	(27)	9	378
	<u>12,369</u>	<u>87</u>	<u>(267)</u>	<u>13</u>	<u>12,202</u>
Total restricted funds	<u>10,822</u>	<u>4,559</u>	<u>(4,725)</u>	<u>182</u>	<u>10,838</u>
Unrestricted funds					
General funds	93	71	(66)	(9)	89
Total funds	<u>10,915</u>	<u>4,630</u>	<u>(4,791)</u>	<u>173</u>	<u>10,927</u>

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The Restricted Pension Reserve deficit represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets. When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Trustees, to support any of the Academy's charitable purposes.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	55	2,834	(2,645)	(240)	4
Other DfE / ESFA grants	-	230	(230)	-	-
Other government grants	-	26	(26)	-	-
Other restricted funds	20	390	(330)	-	80
	<u>75</u>	<u>3,480</u>	<u>(3,231)</u>	<u>(240)</u>	<u>84</u>
Funds excluding pensions	(106)	(1,005)	(40)	(480)	(1,631)
	<u>(31)</u>	<u>2,475</u>	<u>(3,271)</u>	<u>(720)</u>	<u>(1,547)</u>
Restricted fixed asset funds					
Transferred on conversion	4,308	6,864	(63)	-	11,109
DfE / ESFA capital grants	722	157	(15)	-	864
Capital expenditure from GAG and other funds	172	-	(16)	240	396
	<u>5,202</u>	<u>7,021</u>	<u>(94)</u>	<u>240</u>	<u>12,369</u>
Total restricted funds	<u>5,171</u>	<u>9,496</u>	<u>(3,365)</u>	<u>(480)</u>	<u>10,822</u>
Unrestricted funds					
General funds	25	86	(18)	-	93
Total funds	<u>5,196</u>	<u>9,582</u>	<u>(3,383)</u>	<u>(480)</u>	<u>10,915</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2017 were allocated as follows:	
Davidson Primary Academy	39
Pickhurst Junior School	205
	<hr/>
Total before fixed assets fund and pension reserve	244
Restricted fixed asset fund	12,202
Pension reserve	(1,519)
	<hr/>
Total funds	10,927
	<hr/>

Total cost analysis by academy

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 £'000
Davidson Primary Academy	1,441	181	140	441	2,203
Pickhurst Junior School	1,379	418	224	310	2,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,820	599	364	751	4,534
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Funds analysis by academy - previous year

	Total 2016 £'000
Fund balances at 31 August 2016 were allocated as follows:	
Davidson Primary Academy	46
Pickhurst Junior School	131
	<hr/>
Total before fixed assets fund and pension reserve	177
Restricted fixed asset fund	12,369
Pension reserve	(1,631)
	<hr/>
Total funds	10,915
	<hr/>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016
	£'000	£'000	£'000	£'000	£'000
Davidson Primary Academy	556	129	66	132	883
Pickhurst Junior School	1,206	372	379	449	2,406
	<u>1,762</u>	<u>501</u>	<u>445</u>	<u>581</u>	<u>3,289</u>

17 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total 2017
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,202	12,202
Current assets	103	525	-	628
Creditors falling due within one year	(14)	(370)	-	(384)
Defined benefit pension liability	-	(1,519)	-	(1,519)
	<u>89</u>	<u>(1,364)</u>	<u>12,202</u>	<u>10,927</u>

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total 2016
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	12,369	12,369
Current assets	93	557	-	650
Creditors falling due within one year	-	(473)	-	(473)
Defined benefit pension liability	-	(1,631)	-	(1,631)
	<u>93</u>	<u>(1,547)</u>	<u>12,369</u>	<u>10,915</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £34k (2016: £39k) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £164k (2016: £165k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

Under the definitions set out in 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 above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years for the employer is a flat rate of 15.1% for Davidsons, plus regular lump sum deficit repayments and for Pickhurst a flat rate of 23.2%. Employee contributions are a range from 5.5% to 12.5%.

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.

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	199	86
Employees' contributions	39	25
Total contributions	238	111

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	2.9% - 3.7%	3.20
Rate of increase for pensions in payment	2.2% - 2.4%	2.00
Discount rate	2.5%	2.05
CPI inflation	2.2% - 2.4%	

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

	2017 Years	2016 Years
Retiring today		
- Males	22.3 - 23.3	22.75
- Females	24.4 - 26.0	25.00
Retiring in 20 years		
- Males	24.0 - 25.9	24.95
- Females	26.2 - 28.3	27.60

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

Sensitivity Analysis

Scheme liabilities have been valued at £2,607k. The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate were to decrease by 0.1%, liabilities would be measured at £2,669k.

If the rate of salary growth were to increase by 0.1%, liabilities would be measured at £2,619k.

If the rate of pension growth were to increase by 0.1%, liabilities would be measured at £2,662k.

If the rate of inflation were to increase by 0.1%, liabilities would be measured at £2,662k.

The Academy Trust's share of the assets in the scheme	2017 Fair value £'000	2016 Fair value £'000
Equities	816	500
Other Bonds	158	110
Property	21	8
Other assets	93	58
Total market value of assets	1,088	676
Actual return on scheme assets - gain/(loss)	179	116
Amounts recognised in the statement of financial activities	2017 £'000	2016 £'000
Current service cost	229	109
Interest income	(17)	(19)
Interest cost	48	36
Total operating charge	260	126

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

Changes in the present value of defined benefit obligations	2017 £'000	2016 £'000
Obligations at 1 September 2016	2,307	505
Obligations acquired on conversion	-	1,055
Current service cost	226	107
Interest cost	48	36
Employee contributions	39	25
Actuarial (gain)/loss	(8)	579
Benefits paid	(5)	-
At 31 August 2017	<u>2,607</u>	<u>2,307</u>
Changes in the fair value of the Academy Trust's share of scheme assets	2017 £'000	2016 £'000
Assets at 1 September 2016	676	399
Assets acquired on conversion	-	50
Interest income	14	17
Actuarial gain	165	99
Employer contributions	199	86
Employee contributions	39	25
Benefits paid	(5)	-
At 31 August 2017	<u>1,088</u>	<u>676</u>
Total pension scheme liabilities / obligations	(2,607)	(2,307)
Total pension scheme assets	<u>1,088</u>	<u>676</u>
Net Defined Benefit Pension liability	<u>(1,519)</u>	<u>(1,631)</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2017 £'000	2016 £'000
Net (expenditure)/income for the reporting period	(161)	6,199
Adjusted for:		
Net surplus on conversion to academy	-	(5,922)
Capital grants from DfE/ESFA and other capital income	(87)	(157)
Defined benefit pension costs less contributions payable	30	23
Defined benefit pension net finance cost	31	17
Depreciation of tangible fixed assets	257	94
(Increase) in stocks	-	(1)
Decrease/(increase) in debtors	103	(192)
(Decrease)/increase in creditors	(89)	311
Net cash provided by operating activities	84	372

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000	2016 £'000
Amounts due within one year	26	18
Amounts due in two and five years	33	-
	59	18

21 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 9.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.