

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 2018

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CHANCERY EDUCATION TRUST

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CHANCERY EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

Duncan Parr (Chair of Trust Board)*
Matt Rampton (CEO and Accounting Officer)*
Stephen Hills (Appointed Director of Trust Board 09.09.17) *
Shelley Muscatt (Appointed Director of Trust Board 06.09.17) *
(SM Stepped down from role on Finance & Audit Committee 18/12/17)
Elizabeth Minas (Appointed Director of Trust Board 06.09.17) *
(EM Stepped down from role on Finance & Audit Committee 18/12/17)
Marie Powell (Appointed Director of Trust Board 10.07.18)
Stella Brackpool (Resigned 06.09.17)
Lynne Dando (Resigned 06.09.17)
Paul O'Neill (Resigned 06.09.17)
Ralph Andrew (Resigned 06.09.17)
John Wood (Resigned 06.09.17)

* Members of the Finance and Audit Committee

Members

Andrew Ralph (Appointed 08.03.16)
Phillip Jefferies (Appointed 14.02.18)
Paul O' Neill (Resigned as Member 04.01.18)

Senior management team

- CEO	Matt Rampton
- Principal	Lynne Dando (Resigned from post 29/03/18)
- Acting Principal	Laura Marsh (Acting Principal to Pickhurst Academy)
- Deputy Headteacher	Daniel Siggs (Deputy Headteacher to Pickhurst Academy)
- Acting Principal	Farzana Begum (Acting Principal to Davidson Primary Academy)
- Headteacher	Andrea Rampton (Headteacher Darrick Wood Infant & Nursery)

Company registration number 07671255 (England and Wales)

Academies operated	Location	Headteacher/Principal
Pickhurst Academy	Bromley	Mrs L Marsh (Acting Principal)
Davidson Primary Academy	Croydon	Ms Farzana Begum (Acting Principal)
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

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the accounts and independent auditor's reports of the charitable company for the year ended 31 August 2018. 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 2017/18 issued by the ESFA.

The principal activity of the trust is the operation of 3 primary school academies, Pickhurst Junior Academy and Darrick Wood Infants 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 512 at Pickhurst, 295 at Davidson, 270 (plus capacity for 78 part time nursery pupils) at Darrick Wood Infant & Nursery School, according to each school's census dated October 2017.

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 director;
- b) Up to 1 "Ignite" director 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 director 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 2018

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 2 committees;

- Finance and Audit Committee
- CE Trust main board

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.

Local boards of governors delegate specific responsibilities to their committees, the activities of which are reported to and discussed at full governor 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 Chief 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 Boards 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 whom 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.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Trade Union Facility Time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total Cost of facility time	£ 0
Total Pay bill	£ 3,334k
Percentage of the total pay bill spent on facility time	0 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0%
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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, part of the NEST Academy Trust, who share our site and provide us with many of our Year 3 intake.

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.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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.

Strategic report

Achievements and performance

Charitable Activities

2017-18 has been a successful year for Chancery Education Trust. Pickhurst Academy continued to achieve outstanding KS2 results above national average. Davidson Primary Academy have now been with Chancery Trust for more than a year, 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 a recent Challenge Partners review.

Darrick Wood Infant and Nursery joined the Trust 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. The solid dedication and hard work of our staff and students has led to our Year 6 cohort achieving the following outstanding results:

	2017 - 2018						
	Expected+		Higher Standard		Scaled Score		Progress Score*
	School	National	School	National	School	National	
Reading	90%	75%	35%	24%	107.3	105	+0.76
Writing	92%	78%	36%	20%			+1.66
Maths	92%	76%	23%	24%	105.7	104	-0.76
RWM	81%	64%	10%	10%			
GPS	90%	78%	40%	34%	108.3	106	
Science	98%	83%					

*tbc

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.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Both the boys and girls at Pickhurst Academy have produced another year of outstanding Sport performances and results in both individual and team sports, 2018 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.

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. The Academy has also had another successful year with the play leader system effectively being used to facilitate even more outdoor learning in a safe and exciting environment for all children

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 travelled to the Brecon Beacons in Wales. This was the first time the Academy had visited the site in Wales, all the children and staff had a fantastic time and they enjoyed the vast selection of adventurous and exciting activities on offer. The Academy has already booked to revisit the site for the next academic year.

Davidson Primary Academy

The Year 1 phonics screening test, KS1 and KS2 SATs results for 2017-18 were an improvement on last year and a fantastic achievement for the Academy when compared to 15/16 results.

	National 2015/16	Davidson 2015/16	Davidson 2016/17	Davidson 2017/18	Percentage increase from 2015/16
EYFS GLD	69.3%	57%	51%	61%	+4%

	National 2015/16	Davidson 2015/16	Davidson 2016/17	Davidson 2017/18	Percentage increase from 2015/16
Year 1 Phonics	81%	69%	80%	85%	+16%

KS1	National 2015/16		Davidson 2015/16		Davidson 2016/17		Davidson 2017/18		Percentage increase from 2015/16	
	EXP	GD	EXP	GD	EXP	GD	EXP	GD	EXP	GD
Reading	74%	24%	59%	0%	82%	27%	85%	27%	+26%	+27%
Writing	65%	13%	58%	0%	78%	12%	82%	24%	+24%	+24%
Maths	73%	18%	74%	0%	83%	21%	85%	24%	+11%	+24%
R/W/M	53%	5%	56%	0%	76%	12%	82%	24%	+26%	+24%

KS2	National 2015/16		Davidson 2015/16		Davidson 2016/17		Davidson 2017/18		Percentage increase from 2015/16	
	EXP	GD	EXP	GD	EXP	GD	EXP	GD	EXP	GD
Reading	66%	19%	56%	0%	69%	25%	87%	29%	+31%	+29%
Writing	74%	15%	46%	0%	81%	8%	86%	12%	+40%	+12%
Maths	70%	17%	74%	0%	81%	52%	69%	21%	+7/-11%	+52/-31%
GPS	70%	23%	68%	0%	85%	67%	77%	26%	+17/-8%	+67/-41%
R/W/M	53%	5%	37%	0%	69%	6%	68%	5%	+31%	+6/-1%

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Darrick Wood Infant & Nursery School

	National 2017	Darrick Wood 2017	Darrick Wood 2018	Percentage increase from 2017
Year 1 Phonics	81%	83%	90%	7%

KS1	National 2017		Darrick Wood 2017		Darrick Wood 2018		Percentage increase from 2017	
	EXP	GD	EXP	GD	EXP	GD	EXP	GD
Reading	76%	25%	91%	43%	89%	41%	-2%	-2%
Writing	68%	16%	90%	39%	87%	27%	-3%	-12%
Maths	75%	21%	90%	45%	88%	34%	-2%	-11%
R/W/M	64%	11%	88%	32%	83%	26%	-5%	-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 2018, our current assets exceed our current liabilities by a ratio 2.5 to 1 (2017: 1.6:1) 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 2018 is 70.6% (2017; 81.1%) which is below our targeted level of 80%.

Other key performance indicators

Pickhurst Academy and Darrick Wood Infants Schools achieved 'Outstanding' ratings after a Challenge Partners review following an extensive and rigorous assessment, during which Davidson were rated as 'Good'.

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.

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.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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	2018 £'000	2017 £'000
GAG	Restricted General Funds	618	69
Other DfE/ESFA Grants	Restricted General Funds	-	-
Other Income	Restricted General Funds	<u>93</u>	<u>86</u>
Sub-total	General Restricted Funds	711	155
Unspent Capital Grants	Restricted Fixed Asset Fund	125	-
Other Income	Unrestricted General Fund	<u>233</u>	<u>89</u>
Sub-Total	Spendable Funds	1,069	244
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	15,479	12,202
Share of LGPS Deficit	Restricted Pension Reserve	<u>(1,534)</u>	<u>(1,519)</u>
Total	All Funds	<u>15,014</u>	<u>10,927</u>

During the year under review, there was a surplus before transfers of £627k on general restricted funds, a surplus of £144k on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall surplus of £3,640k.

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.

Investment policy

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

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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 directors 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.

Our fundraising practices

The trust and individual academies within it organise fundraising events and appeals and co-ordinate the activities of our supporters both in the academies and in the wider community on behalf of the trust.

The trust does not use professional fundraisers or involve commercial participators. There have been no complaints about fundraising activity this year. The trust complies with the Fundraising Regulator's Code of Fundraising Practice)

All fundraising is undertaken by the trust in a manner that seeks to ensure that it is not unreasonably intrusive or persistent. Contact is made through email, academy newsletters, our websites and via students.

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 Darrick Wood 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 need 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. 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 1 or 2 other academies or free schools in the near future. 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.

CHANCERY EDUCATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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 – 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.

To ensure standards across the English curriculum continue to improve in line with maths, with a focus on gender gaps (girls outperforming boys in all subjects) and PPG.

To address gaps in Pupil Premium attainment with Reading and Writing at the expected standard, and Maths at the higher standard

Priority 2: Quality of teaching, learning and assessment

To ensure there is consistently good and outstanding teaching across the school through support, monitoring, effective systems, training and effective feedback

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

To promote extra-curricular activities linked with outdoor learning and vocational education

To develop an ethos of 'taking risks' and adventure in learning

Priority 5: Site and the Environs

To ensure the Trust is a vibrant and exciting place for children to learn

To ensure the buildings are clean, well maintained and fit for purpose

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 13 December 2018 and signed on its behalf by:



Duncan Parr
Chair of Directors

CHANCERY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 (Chairman of the Trust)	1	3
Matthew Rampton (CEO and Accounting Officer)	3	3
Stephen Hills	3	3
Elizabeth Minas	3	3
Shelley Muscatt	3	3
Marie Powell	0	0

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.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Duncan Parr (Chairman)	1	3
Stephen Hills (Vice Chairman)	3	3
Matthew Rampton (CEO and Accounting Officer)	3	3
Shelley Muscatt (Co-opted in 10/7/18 to ensure meeting quorate)	1	1

CHANCERY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

The Accounting Officer in conjunction with the Chief Finance Officer and Business Support Manager constantly drive to improve our use of resources to deliver best value for money. Improved value for money has been achieved in 2017/18. Several contracts have been renegotiated, using economies of scale, over all the schools within the trust in areas such as curriculum licences, telephone and broadband costs, and cleaning 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, such as catering. In some instances where dates for renewal are not concurrent- contracts have been extended in the short term to enable longer term savings.

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.

This summer – Condition Improvement funding was secured at Pickhurst for provision of a school meals kitchen, and for roofing works including a mandatory escape route. These projects will enable savings in the future, and the tendering process ensured best value.

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 2017 to 31 August 2018 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 period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

CHANCERY EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 directors;
- 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.

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 UHY (Hacker Young), to complete the internal assurance function. UHY internal assurance department have performed 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, including VAT, bank reconciliation and other control accounts
- 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
- Business interest declarations, website compliance review

UHY's internal assurance team reports to the directors on the operation of the systems of control and on discharge of the directors' financial responsibilities.

UHY have delivered their schedule of work as planned and all recommendations have been actioned.

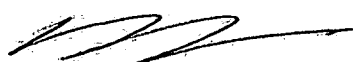
Review of effectiveness

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:

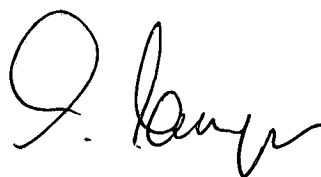
- the work of the internal assurance team
- the work of the external auditor;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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 13 December 2018 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 2018

As accounting officer of Chancery Education Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Board of Directors 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 2017.

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 Directors and ESFA.



Matt Rampton
Accounting Officer

13 December 2018

CHANCERY EDUCATION TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The directors (who also act as trustees for Chancery Education Trust) are responsible for preparing the Directors' report and the Financial Statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Directors 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 Directors 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 13 December 2018 and signed on its behalf by:



Duncan Parr
Chair of Directors

CHANCERY EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the Financial Statements of Chancery Education Trust for the year ended 31 August 2018 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 2017 to 2018 issued by the Education & 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 2018 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 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the Financial Statements' section of our report. We are independent of the 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 Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors 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.

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 Directors 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.

CHANCERY EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' 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 Directors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities; the Directors 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 Directors 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 Directors 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 Directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

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.

CHANCERY EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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: 18 December 2018

CHANCERY EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 2 November 2012 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chancery Education Trust during the period 1 September 2017 to 31 August 2018 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 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 2017 to 2018 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 2017, issued by the ESFA.

CHANCERY EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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: 18 December 2018

CHANCERY EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	-	-	275	275	87
Donations - Introduction of new academy to the trust	27	76	(229)	3,464	3,311	-
Charitable activities:						
- Funding for educational operations	4	-	5,730	-	5,730	4,472
Other trading activities	5	110	-	-	110	71
Investments	6	1	-	-	1	-
Total		<u>187</u>	<u>5,501</u>	<u>3,739</u>	<u>9,427</u>	<u>4,630</u>
Expenditure on:						
Raising funds	7	-	13	-	13	25
Charitable activities:						
- Educational operations	9	43	5,323	408	5,774	4,766
Total	7	<u>43</u>	<u>5,336</u>	<u>408</u>	<u>5,787</u>	<u>4,791</u>
Net income/(expenditure)		144	165	3,331	3,640	(161)
Transfers between funds	19	-	(71)	71	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	447	-	447	173
Net movement in funds		144	541	3,402	4,087	12
Reconciliation of funds						
Total funds brought forward		89	(1,364)	12,202	10,927	10,915
Total funds carried forward		<u>233</u>	<u>(823)</u>	<u>15,604</u>	<u>15,014</u>	<u>10,927</u>

CHANCERY EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2017 £'000
Income and endowments from:					
Donations and capital grants	3	-	-	87	87
Charitable activities:					
- Funding for educational operations	4	-	4,472	-	4,472
Other trading activities	5	71	-	-	71
Total		<u>71</u>	<u>4,472</u>	<u>87</u>	<u>4,630</u>
Expenditure on:					
Raising funds	7	-	25	-	25
Charitable activities:					
- Educational operations	9	66	4,433	267	4,766
Total	7	<u>66</u>	<u>4,458</u>	<u>267</u>	<u>4,791</u>
Net income/(expenditure)		5	14	(180)	(161)
Transfers between funds	19	(9)	(4)	13	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	173	-	173
Net movement in funds		(4)	183	(167)	12
Reconciliation of funds					
Total funds brought forward		93	(1,547)	12,369	10,915
Total funds carried forward		<u>89</u>	<u>(1,364)</u>	<u>12,202</u>	<u>10,927</u>

CHANCERY EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		15,479		12,202
Current assets					
Stocks	14	5		5	
Debtors	15	274		177	
Cash at bank and in hand		1,545		446	
		<u>1,824</u>		<u>628</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(743)		(384)	
Net current assets			<u>1,081</u>		<u>244</u>
Total assets less current liabilities			<u>16,560</u>		<u>12,446</u>
Creditors: amounts falling due after more than one year	17		(12)		-
Net assets excluding pension liability			<u>16,548</u>		<u>12,446</u>
Defined benefit pension scheme liability	21		(1,534)		(1,519)
Total net assets			<u>15,014</u>		<u>10,927</u>
Funds of the Academy Trust:					
Restricted funds	19				
- Fixed asset funds			15,604		12,202
- Restricted income funds			711		155
- Pension reserve			(1,534)		(1,519)
Total restricted funds			<u>14,781</u>		<u>10,838</u>
Unrestricted income funds	19		<u>233</u>		<u>89</u>
Total funds			<u>15,014</u>		<u>10,927</u>

The Financial Statements on pages 22 to 50 were approved by the Directors and authorised for issue on 13 December 2018 and are signed on their behalf by:


Duncan Parr
Chair of Directors

Company Number 07671255

CHANCERY EDUCATION TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	22		794		84
Cash funds transferred on conversion			309		-
			<u>1,103</u>		<u>84</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		1		-	
Capital grants from DfE Group		275		87	
Purchase of tangible fixed assets		(294)		(90)	
		<u></u>		<u></u>	
Net cash used in investing activities			(18)		(3)
Cash flows from financing activities					
Repayment of long term loan		14		-	
		<u></u>		<u></u>	
Net cash provided by/(used in) financing activities			14		-
			<u></u>		<u></u>
Net increase in cash and cash equivalents in the reporting period			1,099		81
Cash and cash equivalents at beginning of the year			446		365
			<u></u>		<u></u>
Cash and cash equivalents at end of the year			<u>1,545</u>		<u>446</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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 Directors 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 Directors 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 Transfer in to academy trust

Transferring in to the academy trust involves the transfer of identifiable assets and liabilities and the operation of the academy for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Darrick Wood Infant School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – Introduction of new academy to the trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

1.4 Income

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

Grants

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

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

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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.

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 financial statements 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.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

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.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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, Directors' meetings and reimbursed expenses.

1.6 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.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

1.7 Liabilities

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

1.8 Leased assets

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

1.9 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.10 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.

1.11 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.

1.12 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.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

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

1.13 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 Directors.

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

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.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 Directors have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	275	275	87

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	4,717	4,717	3,885
Other DfE group grants	-	495	495	318
	<u>-</u>	<u>5,212</u>	<u>5,212</u>	<u>4,203</u>
Other government grants				
LA grants	-	279	279	13
	<u>-</u>	<u>279</u>	<u>279</u>	<u>13</u>
Other funding				
Catering income	-	101	101	113
Trip income	-	120	120	103
Other incoming resources	-	18	18	40
	<u>-</u>	<u>239</u>	<u>239</u>	<u>256</u>
Total funding	<u>-</u>	<u>5,730</u>	<u>5,730</u>	<u>4,472</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	56	-	56	44
Uniform Sales	11	-	11	11
Other Income	43	-	43	16
	<u>110</u>	<u>-</u>	<u>110</u>	<u>71</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	13	13	25
Academy's educational operations					
- Direct costs	3,016	267	441	3,724	3,346
- Allocated support costs	862	564	624	2,050	1,420
	<u>3,878</u>	<u>831</u>	<u>1,078</u>	<u>5,787</u>	<u>4,791</u>

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	8	8
- Other services	15	8
Operating lease rentals	30	13
Depreciation of tangible fixed assets	334	257
Net interest on defined benefit pension liability	43	31

Included within expenditure are the following transactions:

	2018 £
Gifts made by the Academy Trust - total	<u>386</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 £386 (and not £386k).

8 Central services

The Academy Trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;

The Academy Trust charges for these services on the following basis:

- Pickhurst Junior School and Davidson Primary Academy pay 8% of their ESFA GAG income
- Darrick Wood Infants and Nursery School pay 5% of their ESFA GAG income

This pays for the CEO, CFO, all audit and accountancy costs as well as legal costs and some educational support costs.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Central services

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Davidson Primary Academy	137	-
Pickhurst Junior School	150	-
Darrick Wood Infant School	56	-
	<u>343</u>	<u>-</u>

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	10	3,714	3,724	3,346
Support costs				
Educational operations	<u>33</u>	<u>2,017</u>	<u>2,050</u>	<u>1,420</u>
	<u>43</u>	<u>5,731</u>	<u>5,774</u>	<u>4,766</u>

Analysis of costs

	2018 £'000	2017 £'000
Direct costs		
Teaching and educational support staff costs	3,016	2,820
Staff development	29	28
Depreciation	267	207
Technology costs	55	39
Educational supplies and services	98	89
Educational consultancy	133	54
Other direct costs	<u>126</u>	<u>109</u>
	<u>3,724</u>	<u>3,346</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities

Support costs

Support staff costs	758	569
Defined benefit pension scheme - staff costs (FRS102 adjustment)	104	30
Depreciation	67	50
Technology costs	83	70
Maintenance of premises and equipment	210	100
Cleaning	107	86
Energy costs	64	48
Rent, rates and other occupancy costs	63	45
Insurance	34	40
Security and transport	29	13
Catering	255	180
Defined benefit pension scheme - finance costs (FRS102 adjustment)	43	31
Other support costs	103	84
Governance costs	130	74
	<u>2,050</u>	<u>1,420</u>

10 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	2,606	2,069
Social security costs	216	178
Pension costs	512	335
Defined benefit pension scheme - staff costs (FRS102 adjustment)	104	30
Staff costs	<u>3,438</u>	<u>2,612</u>
Supply staff costs	391	777
Staff restructuring costs	49	30
Total staff expenditure	<u>3,878</u>	<u>3,419</u>
Staff restructuring costs comprise:		
Redundancy payments	20	-
Severance payments	29	30
	<u>49</u>	<u>30</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £29k (2017: £30k). Individually, the payments were: £8k, £6k, £7k, £1k, £1k, £4k, and £2k. All amounts were recognised as at 31 August 2018.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Staff numbers

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

	2018 Number	2017 Number
Teachers	39	25
Administration and support	78	86
Management	9	6
	<u>126</u>	<u>117</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018 Number	2017 Number
Teachers	37	
Administration and support	39	
Management	5	
	<u>81</u>	

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	-	1
£80,001 - £90,000	-	1
£120,001 - £130,000	1	1
	<u>1</u>	<u>2</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £506,631.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Directors' remuneration and expenses

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

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

M Rampton (CEO):

- Remuneration £120,000 - £125,000 (2017: £120,000 - £125,000)
- Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

S Muscatt (Staff Director):

- Remuneration £25,000 - £30,000 (2017: £nil)
- Employer's pension contributions £nil (2017: £nil)

R Jasper (Staff Director):

- Remuneration - Not appointed (2017: £60,000 - £65,000)
- Employer's pension contributions - Not appointed (2017: £5,000 - £10,000)

L Dando (Staff Director):

- Remuneration - Not appointed (2017: £80,000 - £85,000)
- Employer's pension contributions - Not appointed (2017: £10,000 - £15,000)

During the year, travel and subsistence payments totalling £1,101 (2017: £435) were reimbursed or paid directly to 2 Directors (2017: 1 Director). Expenses were incurred in the course of performing the duties of employment.

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

12 Directors and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Directors 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 2018 was £1,500 (2017: £1,260). 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 2018

13 Tangible fixed assets

	Leasehold land & buildings £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 September 2017	12,528	133	91	7	12,759
Transfer on conversion	3,135	15	167	-	3,317
Additions	227	10	57	-	294
At 31 August 2018	15,890	158	315	7	16,370
Depreciation					
At 1 September 2017	467	68	15	7	557
Charge for the year	252	50	32	-	334
At 31 August 2018	719	118	47	7	891
Net book value					
At 31 August 2018	15,171	40	268	-	15,479
At 31 August 2017	12,061	65	76	-	12,202

Leasehold land and buildings includes the net book value of leasehold land at 31 August 2018 of £3,263k.

14 Stocks

	2018 £'000	2017 £'000
Uniform Stock	5	5

15 Debtors

	2018 £'000	2017 £'000
Trade debtors	49	38
VAT recoverable	72	41
Prepayments and accrued income	153	98
	274	177

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Creditors: amounts falling due within one year	2018 £'000	2017 £'000
	Loans	2	-
	Trade creditors	249	45
	Other taxation and social security	57	57
	Other creditors	53	34
	Accruals and deferred income	382	248
		<u>743</u>	<u>384</u>
17	Creditors: amounts falling due after more than one year	2018 £'000	2017 £'000
	Loans	12	-
		<u>12</u>	<u>-</u>
	Analysis of loans		
	Wholly repayable within five years	14	-
	Less: included in current liabilities	(2)	-
		<u>12</u>	<u>-</u>
	Amounts included above	12	-
		<u>12</u>	<u>-</u>
	Loan maturity		
	Debt due in one year or less	2	-
	Due in more than one year but not more than two years	2	-
	Due in more than two years but not more than five years	5	-
	Due in more than five years	5	-
		<u>14</u>	<u>-</u>

The liability above represents an interest free Salix energy efficiency loan which was granted to Pickhurst Junior School as part of a Condition Improvement Fund award. The loan is repayable over an 8 year period.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18	Deferred income	2018 £'000	2017 £'000
	Deferred income is included within:		
	Creditors due within one year	95	16
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	16	37
	Released from previous years	(16)	(37)
	Resources deferred in the year	95	16
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	95	16

Deferred income at 31 August 2018 represents UIFSM grant income received in advance of £75k (2017: £15k), trip income in advance of £13k (2017: £1k) and rates general annual grants income received in advance of £7k (2017: £nil).

19	Funds	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
	Restricted general funds					
	General Annual Grant (GAG)	69	4,717	(4,135)	(33)	618
	Other DfE / ESFA grants	-	208	(218)	10	-
	Pupil premium	-	287	(290)	3	-
	Other government grants	-	279	(314)	35	-
	Other restricted funds	86	325	(232)	(86)	93
	Pension reserve	(1,519)	(315)	(147)	447	(1,534)
		<u>(1,364)</u>	<u>5,501</u>	<u>(5,336)</u>	<u>376</u>	<u>(823)</u>
	Restricted fixed asset funds					
	Transfer on conversion	10,900	3,464	(354)	-	14,010
	DfE group capital grants	924	275	(33)	13	1,179
	Capital expenditure from GAG and other funds	378	-	(21)	58	415
		<u>12,202</u>	<u>3,739</u>	<u>(408)</u>	<u>71</u>	<u>15,604</u>
	Total restricted funds	10,838	9,240	(5,744)	447	14,781
	Unrestricted funds					
	General funds	89	187	(43)	-	233
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total funds	10,927	9,427	(5,787)	447	15,014

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

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 2018.

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.

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

	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 (GAG)	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
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					
Transfer on conversion	11,109	-	(209)	-	10,900
DfE group 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	<u>93</u>	<u>71</u>	<u>(66)</u>	<u>(9)</u>	<u>89</u>
Total funds	<u>10,915</u>	<u>4,630</u>	<u>(4,791)</u>	<u>173</u>	<u>10,927</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	4	8,602	(7,951)	(37)	618
Other DfE / ESFA grants	-	526	(536)	10	-
Pupil premium	-	287	(290)	3	-
Other government grants	-	292	(327)	35	-
Other restricted funds	80	581	(482)	(86)	93
Pension reserve	(1,631)	(315)	(208)	620	(1,534)
	<u>(1,547)</u>	<u>9,973</u>	<u>(9,794)</u>	<u>545</u>	<u>(823)</u>
Restricted fixed asset funds					
Transfer on conversion	11,109	3,464	(563)	-	14,010
DfE group capital grants	864	362	(64)	17	1,179
Capital expenditure from GAG and other funds	396	-	(48)	67	415
	<u>12,369</u>	<u>3,826</u>	<u>(675)</u>	<u>84</u>	<u>15,604</u>
Total restricted funds	<u>10,822</u>	<u>13,799</u>	<u>(10,469)</u>	<u>629</u>	<u>14,781</u>
Unrestricted funds					
General funds	93	258	(109)	(9)	233
Total funds	<u>10,915</u>	<u>14,057</u>	<u>(10,578)</u>	<u>620</u>	<u>15,014</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
Davidson Primary Academy	297	39
Pickhurst Junior School	455	205
Darrick Wood Infant School	149	-
Central services	43	-
Total before fixed assets fund and pension reserve	944	244
Restricted fixed asset fund	15,604	12,202
Pension reserve	(1,534)	(1,519)
Total funds	15,014	10,927

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Davidson Primary Academy	994	232	26	464	1,716
Pickhurst Junior School	1,009	249	44	575	1,877
Darrick Wood Infant School	884	233	27	398	1,542
Central services	129	148	1	40	318
	3,016	862	98	1,477	5,453

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	15,479	15,479
Current assets	233	1,452	139	1,824
Creditors falling due within one year	-	(741)	(2)	(743)
Creditors falling due after one year	-	-	(12)	(12)
Defined benefit pension liability	-	(1,534)	-	(1,534)
Total net assets	233	(823)	15,604	15,014

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'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)
Total net assets	89	(1,364)	12,202	10,927

21 Pension and similar obligations

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

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

Contributions amounting to £49k (2017: £34k) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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.

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, 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 £252k (2017: £164k).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.3% to 26.0% for employers and 5.5% to 12.5% for employees.

The LGPS obligation relates to the employees of the Academy Trust who were employees transferred as part of the conversion from the maintained school (as described in note 27) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	215	199
Employees' contributions	55	39
Total contributions	270	238

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.9 - 3.6	2.9 - 3.7
Rate of increase for pensions in payment/inflation	2.2 - 2.4	2.2 - 2.4
Discount rate for scheme liabilities	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	22.3 - 23.4	22.3 - 23.3
- Females	24.4 - 26.1	24.4 - 26.0
Retiring in 20 years		
- Males	24.0 - 26.1	24.0 - 25.9
- Females	26.2 - 28.4	26.2 - 28.3

Scheme liabilities would have been affected by changes in assumptions as follows (revised scheme liabilities):

	2018 £'000	2017 £'000
Salary rate + 0.1%	3,963	2,619
Inflation + 0.1%	4,035	2,662

Defined benefit pension scheme net liability

Scheme assets	2,417	1,088
Scheme obligations	(3,951)	(2,607)
Net liability	(1,534)	(1,519)

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

The Academy Trust's share of the assets in the scheme

	2018 Fair value £'000	2017 Fair value £'000
Equities	1,585	816
Other Bonds	174	158
Government bonds	138	-
Cash	3	-
Property	99	21
Other assets	418	93
Total market value of assets	<u>2,417</u>	<u>1,088</u>

The actual return on scheme assets was £178,000 (2017: £179,000).

Amount recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	319	229
Interest income	(50)	(17)
Interest cost	93	48
Total operating charge	<u>362</u>	<u>260</u>

Changes in the present value of defined benefit obligations

	2018 £'000
At 1 September 2017	2,607
Obligations acquired on conversion	1,113
Current service cost	313
Interest cost	93
Employee contributions	55
Actuarial gain	(319)
Benefits paid	89
At 31 August 2018	<u>3,951</u>

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

Changes in the fair value of the Academy Trust's share of scheme assets

	2018 £'000
At 1 September 2017	1,088
Assets acquired on conversion	798
Interest income	44
Actuarial gain	128
Employer contributions	215
Employee contributions	55
Benefits paid	89
At 31 August 2018	2,417

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

	2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	3,640	(161)
Adjusted for:		
Net surplus on conversion to academy	(3,311)	-
Capital grants from DfE/ESFA and other capital income	(275)	(87)
Investment income receivable	(1)	-
Defined benefit pension costs less contributions payable	104	30
Defined benefit pension net finance cost	43	31
Depreciation of tangible fixed assets	334	257
(Increase)/decrease in debtors	(97)	103
Increase/(decrease) in creditors	357	(89)
Net cash provided by operating activities	794	84

23 Commitments under operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	26	26
Amounts due in two and five years	20	33
	46	59

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the Financial Statements	121	-

At 31 August 2018 the following projects were on going within the academy trust:

Location	Project	Total costs £'000	Costs incurred £'000	Commitment £'000
Darrick Wood Infants School	Hall window project	170	118	52
Pickhurst Junior School	Roof Project	131	100	31
Pickhurst Junior School	Kitchen Project	133	95	38

These projects are expected to be fully funded by ESFA capital grants.

25 Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

A Rampton, spouse of M Rampton, a director, is employed by the academy trust as a Head Teacher at Darrick Wood Infant School. A Rampton's appointment was made in open competition and before the academy joined the trust. M Rampton was not involved in the decision making process regarding appointment. A Rampton is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a director.

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2017.

26 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.

27 Transfer in to Academy Trust

On 01 September 2017 the following Academies joined the Academy Trust:

Academy	Location	Date of joining
Darrick Wood Infant School	Bromley	1 September 2017

CHANCERY EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

27 Transfer in to Academy Trust

Net assets transferred:				2018 £'000
Leasehold land and buildings				3,135
Other tangible fixed assets				182
Cash				309
LGPS pension surplus/(deficit)				(315)
				<u>3,311</u>
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	3,464	3,464
LGPS pension funds	-	(315)	-	(315)
Other funds	76	86	-	162
	<u>76</u>	<u>(229)</u>	<u>3,464</u>	<u>3,311</u>