

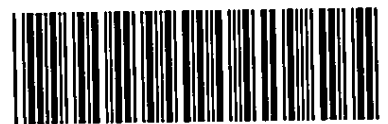
Hastings Academies Trust
(a Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2012

Company Registration Number 7185046 (England and Wales)

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Hastings Academies Trust

Contents

	Page
Reference and Administrative Details	1
Directors' Report	2 - 8
Governance Statement	9-11
Statement on Regularity, Propriety and Compliance	12
Statement of Directors' Responsibilities	13
Independent Auditor's Reports	14-16
Statement of Financial Activities incorporating Income & Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	20-23
Other Notes to the Financial Statements	24-40

Hastings Academies Trust

Reference and Administrative Details

The Directors who served during the year are -

Professor JM Crampton (Chairman)
Mrs A Baines
Dr Y Burne
Mrs C Carter (parent)
Mr N Dart
Mr P Dougill
Mr P Evans
Ms P Gasson (staff)
Councillor K Glazier

Mr P Griffiths
Mrs J Jones (staff) (from 9 December 2011)
Mr A Kouloumbrides
Mr S Manwaring
Mrs C Miller
Ms A Rudd
Mr C Thomson (until 31 August 2012)
Vacancy (parent)
Mr J Weaver

Company Secretary

Ms J Miller

Senior Management Team
Chief Executive

Mr F Green (to 31 August 2012)
Mr P Griffiths (from 1 September 2012)

Principal The Hastings Academy

Mrs T Phillips

Principal The St Leonards Academy

Ms J Jones

Director of Resources

Ms J Miller

Principal and Registered Office

Darwell Campus
Darwell Close
St Leonards on Sea
East Sussex
TN38 9JP

Company Registration Number

7185046 (England and Wales)

Charity Registration Number

1136345

Independent Auditor

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Bankers

National Westminster Bank Plc
Havelock Rd, Hastings
East Sussex
TN34 1GW

Hastings Academies Trust

Directors' Report

The Directors present their annual report together with the financial statements and Auditors' Report of the Hastings Academies Trust for the year ended 31 August 2012

Structure, Governance and Management

Constitution

The Hastings Academies Trust is a company limited by guarantee and an exempt charity. The Memorandum and Articles of Association are the primary governing documents of the Trust. The Directors act as the trustees for the charitable activities of Hastings Academies Trust. The Trust is sponsored by the University of Brighton, BT and East Sussex County Council (ESCC).

Details of the Directors who served throughout the year except as noted are included in the Reference and Administrative Details on page one.

Members' Liability

Each member of the Hastings Academies Trust undertakes to contribute to the assets of the Trust 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

Every Director is indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether criminal or civil, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Principal Activities

The Hastings Academies Trust has been established for the purpose of advancing education in the United Kingdom for the public benefit. In furtherance of its objects it has established and will maintain two academies – The Hastings Academy and The St Leonards Academy.

These academies opened in September 2011 and are maintained in accordance with a Master Funding Agreement and Supplemental Funding Agreement with the Secretary of State for Education.

The academies offer a broad curriculum with a strong emphasis on two specialisms specified in the relevant funding agreements. The specified specialisms of The St Leonards Academy are Mathematics and ICT. The specified specialisms of The Hastings Academy are English and ICT. The academies are not limited to either specialism.

Method of Recruitment and Appointment or Election of Directors

As the lead sponsor, the University of Brighton may appoint up to ten Sponsor Directors. As co-sponsors, British Telecom and East Sussex County Council (ESCC) may each appoint up to two directors. In addition up to two directors are parents of students at the academies, who are elected by parent members of the Local Advisory Body for each academy. A further two directors are staff of the academies, who are elected by the members of the Local Advisory Body for each academy. The Secretary of State may appoint additional directors and further directors (in specified circumstances). The Directors may appoint up to three co-opted Directors.

Hastings Academies Trust

Directors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Directors

The Trust is committed to adopting best practice in all aspects of corporate governance. The current directors have been selected on the basis of having experience at Board level in other similar organisations. The Trust has established procedures for the induction and training of new directors, who may not have the same level of experience, which is ongoing.

Organisational Structure

The Board of Directors is the Trust's governing body and is responsible for policy direction. The Board of Directors meets up to six times a year. The Board has two committees which are the Resources Committee and the Academic Committee, which meet four times a year.

The Performance and Pay Sub-Committee has been established as a sub-committee of the Resources Committee and meets at least once a year. The Board of Directors has established four panels which meet as required – these are the Admissions, Exclusions, Grievance and Complaints Panels. The Board of Directors are represented on these panels.

A Local Advisory Body has been established for each academy to comprise representatives of parents and staff. A Director chairs each advisory body. The role of the Local Advisory Body is to advise the Board of Directors on the functioning of each academy and in particular to ensure that local issues and concerns are considered by the Board.

The Trust is managed by the Chief Executive together with his senior management team and central support staff. The senior management team comprises the Chief Executive, the Principals of the two academies and the Director of Resources. The Trust is a single legal entity, which must account separately to the Department for Education in relation to the two academies.

Risk Management

The Board of Directors is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks. The Board of Directors is responsible for the Trust's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss. The Trust has developed comprehensive financial and risk management policies which are in accordance with the recommendations laid down in the Academies Financial Handbook issued by the Education Funding Agency and in line with recognised good practice.

The Trust is concerned to maintain and develop the two academies within the grant funding available to them and has therefore established a process of setting annual budgets and operating a system of budget monitoring and control. The Trust has considered its future financial position and has identified potential risks and uncertainties relating to income streams.

A key risk arises from the variability of future student numbers. Variations in student numbers are anticipated arising from demographic factors in the catchment areas of the academies. The Trust has established its cost base in the knowledge that student numbers may decline on a temporary basis for identified periods. As income to the Trust is linked to student numbers it must be able to manage such variations. Other key risks associated with the building works during the year have been carefully managed and procedures are in place to manage the risks arising from the move into the new and refurbished buildings during the next academic year.

Hastings Academies Trust

Directors' Report (continued)

Connected Organisations, including Related Party Relationships

As the lead sponsor of the Trust, the University of Brighton has provided managerial and administrative support to enable the Trust to achieve its objectives

ESCC is responsible for the management of the major capital projects which are currently underway to provide new and refurbished buildings for the academies. ESCC also provides a range of support services to the academies including personnel and educational support services.

BT has supported the Trust through the active contribution of its appointed members of the Board of Directors.

Hastings Borough Council is a joint manager (with ESCC) of the Hillcrest Sports Centre which is on the site of The Hastings Academy and is used by the pupils of the academy. Mr N Dart is a Director of the Trust and Director of Corporate Resources for the Council.

Auditor

Insofar as the Directors are aware:

- There is no relevant audit information of which the Trust'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.

During the year KPMG were reappointed as the auditors of the Trust.

Objectives and Activities

Objects and Aims

The objects of the Trust as set out in its Articles of Association are specifically restricted to the following - to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, managing and developing academies, offering a broad curriculum with a strong emphasis on, but in no way limited to either one, or a combination of the specialisms specified in the relevant Funding Agreements.

The fundamental aim of the federated academies – The Hastings Academy and The St Leonards Academy – is to improve the life chances of their students by providing an outstanding educational experience. Through innovative and creative approaches to teaching and learning the academies will build their students' self-confidence, challenge their assumptions and raise their aspirations. The academies will strive to unlock the potential of every learner. The academies will be centres of outstanding learning opportunities for their students, staff and the community. The annual development plan of the Trust sets out the key priorities for the year which include robust and distinct indicators focusing on the impact on student progress and attainment.

The Trust acknowledges that achieving positive life outcomes for young people is built on a fundamental approach to teaching and learning that ensures that no child is left behind. Through personalised provision, care and guidance, every child will be supported in realising their potential. The mission of the academies is to equip their students with the skills, knowledge and values that will empower them to lead fulfilling and rewarding lives as global 21st century citizens.

Hastings Academies Trust

Directors' Report (continued)

Objectives, Strategies and Activities

The objectives for the first year of the new academies have been to -

- Build on the improvements achieved since the predecessor schools became federated in 2010 in terms of improving GCSE results and the overall achievements of pupils
- Increasing the % of parents having the academies as their first choice for their children
- To further develop robust ways of working and providing innovative and creative educational solutions and opportunities for students
- To have a material input to the design and preparation of the new and refurbished academy buildings and IT solutions that were being constructed and developed during the year

The Board has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities. In particular, the Directors considered how planned activities would contribute to the aims and objectives they have set

The Trust provides benefits to the public by adding value through its academies and by achieving the following objectives -

- to raise educational standards by adding value through innovation, specialisms and by creating new opportunities for students
- to ensure high attainment and improved social mobility and inclusion
- to provide an education where children become successful and confident adults who are sought after by employers
- to provide an inclusive ethos which values diversity, greater integration and community cohesion
- to create awareness of environmental issues facing the world and to develop innovative projects in which young people can participate
- to enable parents, carers and local communities to benefit from the facilities of each academy for education, training, health, fitness and recreation

Achievements and Performance

The Hastings Academy and The St Leonards Academy became operational on 1 September 2011 and opened their doors to 1975 new students

Both academies are situated in the 19th (of 354) most deprived borough in the country and the student population is heavily skewed towards the lower end of the academic and socio-economic scales. Almost 30% of people in Hastings live in neighbourhoods which are within the 10% most deprived in England. 31% of pupils are eligible for Free School Meals (FSM) and around 30% of students entering the academies have an identified Special Educational Need (SEN) of which 25 have places in the Special Facility at The St Leonards Academy for students with high level physical and sensory needs or autism. Over 30% of pupils entering the academies have a reading age two years behind their chronological age and therefore improving literacy is a fundamental prerequisite for improving student outcomes. Pupil mobility in the area is extremely high with 164 in-year admissions during 2011/12 which has created significant turbulence.

Hastings Academies Trust

Directors' Report (continued)

However, despite these challenges, progress in both academies during the year has been significant

The percentage of pupils achieving 5A*-C (including English and Maths) increased to 47% for The Hastings Academy (representing a four year trend of improvement from 16% in 2008) and 50% for The St Leonards Academy (increasing steadily from 43% in 2010) The overall percentage of 5A*-C was 93% across both academies (representing an 8% improvement for pupils at The Hastings Academy)

The Hastings Academy exceeded national levels in the proportion of students achieving grade C+ in both English Literature and Drama Together with good outcomes in English Language, this demonstrates the impact of the academy's English specialism Within vocational qualifications, 95% of the entire Year 11 cohort achieved level 2 in ICT and PE In all subjects where students were entered for BTECs, a high pass rate was achieved with a high proportion achieving top grades in Hospitality and Sport

At The St Leonards Academy, students have performed particularly well in Art, Catering, Spanish and Photography For both academies the gap in achievement between Free School Meal (FSM) and non-FSM pupils is below the national average and is steadily reducing Pupil Premium funding has been effectively targeted to provide alternative provision and additional teaching and support staff, targeted intervention programmes and support materials resulting in improved attendance, behavior and progress of FSM students through the academies Over 90% of FSM Year 11 pupils have secured places at college or in employment

The academies have made significant improvements in the standards of attendance and behavior of students As a result persistent absence levels and pupil exclusions are below national levels This has been achieved by prioritising this with an embedded whole academy behaviour strategy (Behaviour to Achieve) that focuses on providing a suitable environment for learning The Schools within Schools system with Heads of School, Student Support Managers and an extended pupil tutoring system ensures that all children are known and receive the targeted support they need There is a growing confidence within the local communities in the academies educational provision, reflected by an increase of over 25% for both academies in the number of first preferences for pupils joining in September 2012

Going Concern

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

Key Financial Performance Indicators

Both the academies achieved their operational and educational targets within the budgets agreed at the start of the year

During the year, the reserves policy was agreed and annual targets defined to enable the required reserves to be built up At the end of the year (before applying the FRS17 pensions adjustment), operational surpluses of £1.49m were added to reserves to meet defined future financial obligations This exceeded the target set of £946k

Hastings Academies Trust

Directors' Report (continued)

The ratio of staff costs (including consultancy charges) to total costs incurred was 72.5% which was within the defined range (70-80%)

During the year, financial controls were tightened in all areas resulting in no key concerns being identified during the quarterly reviews undertaken by the ESCC internal audit team on behalf of the senior management team

Financial Review

A full time permanent Director of Resources has been in post since February 2012 and the finance team has been reinforced by the appointment of a new Head of Finance and Business Services from the start of 2012/13

During the year grant income of £14million was received for the achievement of the academies' educational aims and objectives. As a result of actual pupil numbers being less than had been predicted, £637k of excess funding was provided by the Education Funding Agency during the year which was repaid during the first quarter of 2012/13

Included within grant income, Pupil Premium payments amounting to £432k have been directly applied to the provision of additional support for more deprived pupils. This support has been tailored to the individual educational, emotional and developmental needs of the students. An additional sum of £54k enabled all children receiving Free School Meals to have the chance to attend the Summer School activities organised during the summer holidays by the two academies

Additional funds of £149k have been generated from the letting of academy facilities for educational and community use and the provision of IT support services to local primary schools

In September 2011, the academies benefitted from the donation by the local authority (ESCC) of school assets valued at £444k and other net funds of £150k

Reserves Policy

Academies are funded on a monthly basis by Department for Education (DfE) grants and income fairly matches expenditure

The Master Funding Agreements allow academies to retain revenue reserves up to 2% cumulatively of the General Annual Grant, plus a further 10% cumulatively for capital purposes. It is not anticipated that the Trust will generate significant amounts of these reserves. Start Up Grants can be carried forward for the period of years for which they are paid, and Pupil Premium can be carried forward without restriction

The Directors review the reserve levels of the Trust annually. Maintaining a level of reserves is essential as the academies have no recourse to any significant income streams other than DfE annual revenue. Annual devolved capital funding is now very small

The Directors have determined that the accumulated level of free reserves should be £315k by the end of 2012/13. This represents an appropriate proportion of the expenditure currently estimated to be required to enable the ICT assets to be refreshed on a 3 yearly basis and to replace equipment and fixtures and fittings within the new academy buildings according to a detailed 10 year forecast prepared for this purpose. Unrestricted reserves at 31 August 2012 were £217k

Hastings Academies Trust

Directors' Report (continued)

Because of accounting for the Local Government Pension Scheme (LGPS), the accounts recognise a significant pension fund deficit within restricted funds, but this does not mean there is an immediate liability for this amount, rather it reflects the potential for increases in employer pension contributions in future years

Investment Policy

The Trust held no investments during the year. An investment policy will be developed when this is considered to be necessary.

Employees

The directors recognise that the Trust has a broad base of activities and the quality of staff and line managers are critical to its success. The Trust therefore maintains effective recruitment and development policies to ensure rigorous recruitment and performance monitoring processes and procedures are in place to provide employees with opportunities and support for personal development.

Equalities, diversity and disability are areas of great importance to the Trust. It is fundamental that people are treated fairly and with respect and dignity. The Trust will not tolerate any discrimination, victimisation or harassment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

The Trust considers that effective communication with employees is essential. All-staff briefings occur at each Academy on a weekly or more frequent basis and regular management, curricular and federated team meetings occur to enable Academy activities to be planned and managed in a cohesive way and for best practice to be shared.

A Union Recognition Agreement was put in place during the year to establish a framework for liaison with staff and union representatives. A comprehensive Staff Welfare programme has been in place throughout the year providing a comprehensive support and counseling service for all members of staff.

Plans for Future Periods

The Trust has set ambitious targets for the academic achievement of students attending the academies. These targets will be measured by means of 15 key indicators.

The Trust will need to manage the transition from the existing buildings occupied by the Trust to the new and refurbished buildings with the minimum disruption to the students and their education.

The objective of financial management of the Trust will be to achieve a sound financial position and to operate within the grant funding provided by the Department for Education.

Approved by order of the members of the Board of Directors on 13th December 2012 and signed on its behalf by



Professor JM Crampton

Director

Hastings Academies Trust

Governance Statement

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Hastings Academies 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 the Chief Executive, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hastings Academies Trust and the Secretary of State for Education. The Chief Executive 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 four times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Mrs A Baines	1	4
Dr Y Burne	1	4
Mrs C Carter (parent)	2	4
Professor JM Crampton (Chair)	4	4
Mr N Dart	3	4
Mr P Dougill	4	4
Mr P Evans	2	4
Ms P Gasson (staff)	2	4
Councillor K Glazier	3	4
Mr P Griffiths	4	4
Mrs J Jones (staff)	0	2
Mr A Kouloumbides	4	4
Mr S Manwaring	4	4
Mrs C Miller	4	4
Ms A Rudd	0	4
Mr C Thomson	3	4
Mr J Weaver	4	4

Hastings Academies Trust

Governance Statement (continued)

The Resources Committee is a sub-committee of the Board of Directors. Its purpose is to assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Directors' responsibility to ensure sound management of each academy's finance and resources, including proper planning, monitoring and probity. To also make appropriate comments and recommendations on such matters to the Board of Directors on a regular basis and to refer major issues to a Board of Directors meeting for ratification.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr A Kouloumbides	4	4
Mr N Dart	4	4
Mrs C Miller	3	4
Councillor K Glazier	4	4
Mr C Thompson	3	4

Capacity to Handle Risk

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

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors,
- Regular reviews by the Resources 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

Hastings Academies Trust

Governance Statement (continued)

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. During the year the Directors have endeavoured to appoint a Responsible Officer ('RO') and this appointment is now being finalised. The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the RO will report to the Resources Committee on the operation of the systems of control and on the discharge of the Board of Directors financial responsibilities.

During the current year, quarterly financial audits have been carried out by the ESCC internal audit team. Details of issues identified and actions taken have been reported back to the Board of Directors via the Resources Committee. No significant control deficiencies have been reported during the year.


Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of the review of systems of internal control by the Resources Committee 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 13th December 2012 and signed on its behalf by



Professor JM Crampton

Director



Mr P Griffiths

Accounting Officer

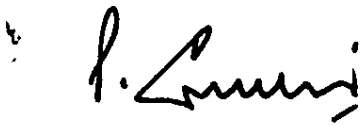
Hastings Academies Trust

Statement on Regularity, Propriety and Compliance

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

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

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

A handwritten signature in black ink, appearing to read 'P. Griffiths', with a stylized flourish at the end.

Mr P Griffiths

Accounting Officer

Hastings Academies Trust

Statement of Directors' Responsibilities

The Directors (who act as trustees for charitable activities of the Hastings Academies Trust) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the 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 Trust 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,
- make judgments 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 Trust will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust 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 Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended

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

Approved by order of the Board of Directors on 13th December 2012 and signed on its behalf by



Professor JM Crampton

Director

Independent Auditor's Report to the members of the Hastings Academies Trust

We have audited the financial statements of the Hastings Academies Trust for the year ended 31 August 2012 set out on pages 17 to 40. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2011/12 and UK Accounting Standards (UK Generally Accepted Accounting Practice). This report is made solely to the charitable company's (the Academy's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency ("EFA") on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2011/12 issued by the EFA, those matters that we have agreed to state to them in our 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the Directors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Trust's affairs at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006,
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the EFA.

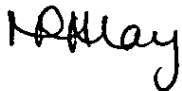
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Trust, 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,
- certain disclosures of Directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit



N M May (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

13th December 2012

Independent Accountant's Report on Regularity to the Board of Directors of Hastings Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19th November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Trust during the period 1 September 2011 to 31 August 2012 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 the governing body and the EFA. Our review work has been undertaken so that we might state to governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the opinion we have formed

Respective responsibilities of the governing body and reporting accountant

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Academies Accounts Direction 2011/12. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Academies Accounts Direction 2011/12 issued by the EFA

Opinion

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 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



N M May
for and on behalf of KPMG LLP, Reporting Accountant

Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT
13th December 2012

Hastings Academies Trust

Statement of Financial Activities for the year ended 31 August 2012

		Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000	Total 2011 £000
	Note					
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	43	885	98	1,026	-
Activities for generating funds	4	149	-	-	149	-
Investment income	5	6	-	-	6	-
<i>Incoming resources from charitable activities</i>						
Funding for the academy's educational operations	6	-	13,863	-	13,863	520
Total incoming resources		198	14,748	98	15,044	520
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		30	-	-	30	-
Fundraising trading		-	-	-	-	-
<i>Charitable activities</i>						
Academy's educational operations	8	-	14,049	13	14,062	520
Governance costs	9	-	46	-	46	-
Other resources expended - transfer from Local Authority on conversion	27	(150)	595	(444)	1	-
Total resources expended	7	(120)	14,690	(431)	14,139	520
Net incoming/(outgoing) resources before transfers		318	58	529	905	-
Gross transfers between funds	16	(101)	94	7	-	-
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	16,25	-	(152)	-	(152)	-
Net movement in funds		217	-	536	753	-
Reconciliation of funds						
Total funds brought forward at 1 September 2011	16	-	-	-	-	-
Total funds carried forward at 31 August 2012		217	-	536	753	-

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

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

Notes on pages 20 to 40 form part of these financial statements

Hastings Academies Trust
Balance sheet as at 31 August 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	13		451		-
Current assets					
Debtors	14	546		184	
Cash at bank and in hand		<u>1,776</u>		<u>336</u>	
		2,322		520	
Liabilities					
Creditors Amounts falling due within one year	15	<u>(1,284)</u>		<u>(520)</u>	
Net current assets			<u>1,038</u>		<u>-</u>
Total assets less current liabilities			1,489		-
Net assets excluding pension liability			1,489		-
Pension scheme liability	25		<u>(736)</u>		<u>-</u>
Net assets including pension liability			<u>753</u>		<u>-</u>
Funds of the Trust:					
Restricted income funds					
Fixed asset fund	16		536		-
General fund	16		747		-
Pension reserve	16		<u>(747)</u>		<u>-</u>
Total restricted funds			<u>536</u>		<u>-</u>
Unrestricted income funds					
General fund	16		<u>217</u>		<u>-</u>
Total unrestricted funds			<u>217</u>		<u>-</u>
Total funds			<u>753</u>		<u>-</u>

The financial statements on pages 17 to 40 were approved by the directors, and authorised for issue on 13th December 2012 and are signed on their behalf by



Professor J M Crampton

Director

Notes on pages 20 to 40 form part of these financial statements

Company registration number

7185046 (England and Wales)

Hastings Academies Trust

Cash flow Statement for the year ended 31 August 2012

		2012	2011
	Note	£000	£000
Net cash inflow from operating activities	20	1,348	-
Returns on investments and servicing of finance	21	6	-
Capital expenditure	22	(64)	-
Cash transferred on conversion to an academy trust		150	
		<hr/>	<hr/>
Increase in cash in the year	23	1,440	-
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2011		336	-
		<hr/>	<hr/>
Net funds at 31 August 2012		1,776	-
		<hr/>	<hr/>

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

It is the view of the Directors that the use of going concern is appropriate. There are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Directors have made this assessment in respect of one year from the date of approval of the financial statements.

Incoming Resources

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

Grants receivable

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

Donations

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

Other income

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

Donated services and gifts in kind

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

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

1 Statement of Accounting Policies (continued)

Resources Expended

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

Costs of generating funds

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

Charitable activities

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

Governance Costs

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

Tangible Fixed Assets

Assets costing £ 1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or 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 Trust's depreciation policy.

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

	Years
Fixtures, fittings and equipment	5
ICT equipment	3

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.

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

1 Statement of Accounting Policies (continued)

Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of the employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and East Sussex County Council.

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

1 Statement of Accounting Policies (continued)

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method

The assets and liabilities transferred on conversion from The Grove College, Filsham Valley School and Hillcrest School to Hastings Academies Trust have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Hastings Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised as net resources expended in the Statement of Financial Activities.

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

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

2 General Annual Grant (GAG)

Results and Carry Forward for the Year	2012 £000	2011 £000
GAG brought forward from previous year	-	-
GAG allocation for current year	12,900	-
Total GAG available to spend	12,900	-
Recurrent expenditure from GAG	(12,296)	-
Fixed assets purchased from GAG	(162)	-
GAG carried forward to next year	442	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(1,548)	-
GAG to surrender to DfE	-	-
(12% rule breached if result is positive)	no breach	no breach

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Capital Grants	-	98	98	-
Other Donations	43	885	928	-
	43	983	1,026	-

Included in Other Donations is £885,000 gift in kind re rent of school buildings

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Hire of facilities	28	-	28	-
IT Services	75	-	75	-
Other income	46	-	46	-
	149	-	149	-

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Short term deposits	6	-	6	-
	6	-	6	-

6 Funding for Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	12,900	12,900	-
Start Up Grants	-	606	606	520
Other DfE/EFA grants	-	329	329	-
	-	13,835	13,835	520
Other Government grants				
Local authority grants	-	28	28	-
	-	28	28	-
	-	13,863	13,863	520

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

7 Resources Expended

	Non Pay Expenditure Other			Total	Total
	Staff Costs	Premises	Costs	2012	2011
	£000	£000	£000	£000	£000
Trust's educational operations					
Direct costs	7,314	155	1,244	8,713	520
Allocated support costs	2,741	1,689	949	5,379	-
	10,055	1,844	2,193	14,092	520
Governance costs including allocated support costs	-	-	46	46	-
Other resources expended	-	-	1	1	-
	10,055	1,844	2,240	14,139	520
Incoming/outgoing resources for the year include:				2012	2011
				£000	£000
Operating leases				57	-
Fees payable to auditor- audit				17	-
- other services				1	-

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

8 Charitable Activities- Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Direct costs				
Teaching and educational support staff costs	-	7,314	7,314	-
Depreciation	-	155	155	-
Educational supplies	-	663	663	-
Examination fees	-	260	260	-
Staff development	-	60	60	-
Educational consultancy	-	219	219	-
Other direct costs	-	42	42	-
	-	8,713	8,713	-
Allocated support costs				
Support staff costs	30	2,711	2,741	-
Recruitment and support	-	94	94	-
Maintenance of premises and equipment	-	265	265	-
Cleaning	-	53	53	-
Rent & rates	-	1,081	1,081	-
Heat & light	-	196	196	-
Insurance	-	94	94	-
Security and transport	-	20	20	-
Catering	-	262	262	-
Bank interest and charges	-	2	2	-
Other support costs	-	571	571	-
	30	5,349	5,379	-
	30	14,062	14,092	-

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
9 Governance costs				
Legal and professional fees	-	10	10	-
Auditor's remuneration				
Audit of financial statements	-	18	18	-
Responsible officer audit	-	6	6	-
Clerk costs	-	12	12	-
Directors' reimbursed expenses	-	-	-	-
	-	46	46	-

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

10 Staff costs

Staff costs during the period were	2012 £000	2011 £000
Wages and salaries	8,236	-
Social security costs	604	-
Pension costs	1,080	-
	<hr/> 9,920	<hr/> -
Supply teacher costs	109	-
Compensation payments	26	-
	<hr/> 10,055	<hr/> -

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

	2012 No.	2011 No.
Charitable Activities		
Teachers	181	-
Administration and support	143	-
Management	3	-
	<hr/> 327	<hr/> -

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

	No.	No.
£70,001- £80,000	3	-
£100,001- £110,000	2	-

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £53,000 (2011 nil)

11 Directors' remuneration and expenses

Directors did not receive any payments, other than expenses, from the Trust in respect of their role as directors

During the year ended 31 August 2012, travel and subsistence expenses totalling £152 (2011 £nil) were reimbursed to one director (2011 nil)

Other related party transactions involving the trustees are set out in note 26

12 Directors' and Officers' Insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance covers up to £5,000,000 on any one claim and the cost for the year ended 31 August 2012 was £3,170

The cost of this insurance is included in the total insurance cost

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

13 Tangible Fixed Assets

	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost			
At 1 September 2011	-	-	-
Transfer on conversion	-	444	444
Additions	33	129	162
At 31 August 2012	33	573	606
Depreciation			
At 1 September 2011	-	-	-
Charged in year	7	148	155
At 31 August 2012	7	148	155
Net book values			
At 31 August 2012	26	425	451
At 31 August 2011	-	-	-

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

14 Debtors

	2012	2011
	£000	£000
Trade debtors	4	-
Other debtors	310	184
Prepayments	232	-
	<u>546</u>	<u>184</u>

15 Creditors, amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	200	-
PAYE & NIC creditor	192	-
Other taxation and social security	137	-
Other creditors	637	520
Accruals and deferred income	118	-
	<u>1,284</u>	<u>520</u>

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

16 Funds

	Balance at 1 Sept 2011 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains, Losses and Transfers £000	Balance at 31 August 2012 £000
Restricted general funds						
General Annual Grant (GAG)	-	12,900	(12,296)	-	94	698
Start Up Grant	-	606	(606)	-	-	-
Other DfE/EFA grants	-	357	(308)	-	-	49
Gift in Kind	-	885	(885)	-	-	-
LGPS pension deficit	-	-	-	(595)	(152)	(747)
	-	14,748	(14,095)	(595)	(58)	-
Restricted fixed asset funds						
DfE/EFA capital grants	-	98	(13)	-	-	85
Capital expenditure from GAG	-	-	-	-	7	7
Tangible assets transferred from LA on conversion	-	-	-	444	-	444
	-	98	(13)	444	7	536
Total restricted funds	-	14,846	(14,108)	(151)	(51)	536
Unrestricted funds						
Unrestricted funds	-	198	(30)	150	(101)	217
Total unrestricted funds	-	198	(30)	150	(101)	217
Total funds	-	15,044	(14,138)	(1)	(152)	753

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

17 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	451	451
Current assets	2,237	-	85	2,322
Current liabilities	(1,284)	-	-	(1,284)
Pension scheme liability	(736)	-	-	(736)
Total net assets	217	-	536	753

18 Capital commitments

	2012 £000	2011 £000
Contracted for, but not provided in the financial statements	2,469	-

19 Financial commitments

Operating leases

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

	2012 £000	2011 £000
<u>Other</u>		
Expiring within one year	27	-
Expiring within two and five years inclusive	12	-
Expiring in over five years	-	-
	39	-

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

	2012 £000	2011 £000
20 Reconciliation of net income to net cash inflow from operating activities		
Net income	905	-
Depreciation (note 13)	155	-
Capital grants from DfE and other capital income	(98)	-
Interest receivable (note 5)	(6)	-
FRS 17 pension cost less contribution payable (note 25)	(21)	-
FRS 17 pension finance income (note 25)	10	-
(Increase) in debtors	(362)	-
Increase in creditors	765	-
Net cash inflow from operating activities	1,348	-
21 Returns on investments and servicing of finance		
Interest received	6	-
Net cash inflow from returns on investment and servicing of finance	6	-
22 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(162)	-
Capital grants from DfE/EFA	98	-
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	(64)	-
23 Analysis of changes in net funds	At 1 Sept 2011 £000	At 31 Aug 2012 £000
Cash in hand and at bank	336	1,776
	336	1,776

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

24 Members' liability

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

25 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Sussex County Council. Both are defined-benefit schemes.

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

Contributions amounting to £136,000 (2011: £nil) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

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

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

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

25 Pension and similar obligations (continued)

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

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

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

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

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme and the implications for the Trust in terms of the anticipated contribution rates.

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

25 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2012 was £476,000, of which employer's contributions totalled £355,000 and employees' contributions totalled £121,000. The agreed contribution rates for future years are 18.1 per cent for employers and 6.1 per cent for employees.

As described in Note 27 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the Trust at the balance sheet date.

Principal Actuarial Assumptions

At 31 August
2012

Rate of increase in salaries	4.50%
Rate of increase for pensions in payment/inflation	2.20%
Discount rate for scheme liabilities	4.50%
Inflation assumption (CPI)	2.20%
Commutation of pensions to lump sums	50.00%

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

At 31 August
2012

Retiring today

Males	21.3
Females	23.4

Retiring in 20 years

Males	23.3
Females	25.7

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected Return at 31-Aug-12	Fair Value at 31-Aug-12 £000
Equities	5.50%	2,427
Bonds	3.70%	307
Property	3.70%	276
Cash	2.80%	61
Total market value of assets		3,071
Present value of scheme liabilities		
- Funded		(3,807)
Deficit in the scheme		(736)

The actual return on scheme assets was £178,000

Amounts recognised in the statement of financial activities

	2012 £000	2011 £000
Current service cost (net of employee contributions)	334	
Past service cost	-	
Total operating charge	334	-
Analysis of pension finance income/ (costs)		
Expected return on pension scheme assets	(166)	-
Interest on pension liabilities	176	-
Pension finance income	10	-

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £152,000 loss.

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2012 £000	2011 £000
At 1 September	3,051	-
Current service cost	334	-
Interest cost	176	-
Employee contributions	121	-
Actuarial loss	161	-
Benefits paid	(36)	-
	<hr/>	
At 31 August	3,807	-

Movements in the fair value of Trust's share of scheme assets:

	2012 £000	2011 £000
At 1 September	2,456	-
Expected return on assets	166	-
Actuarial gain/(loss)	9	-
Employer contributions	355	-
Employee contributions	121	-
Benefits paid	(36)	-
	<hr/>	
At 31 August	3,071	-

The estimated value of employer contributions for the year ended 31 August 2013 is £377,000

The five-year history of experience adjustments is as follows:

	2012 £000
Present value of defined benefit obligations	(3,807)
Fair value of share of scheme assets	3,071
Deficit in the scheme	<hr/> (736) <hr/>
Experience adjustments on share of scheme assets	
Amount £'000	9
Experience adjustments on scheme liabilities	
Amount £'000	<hr/> - <hr/>

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

26 Related Party Transactions

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

The University of Brighton is the major sponsor of the Trust. The Trust was supported by the University during the year in the form of management and administrative input. Payments made to the University during the year amounted to £25,000. There were no amounts outstanding.

East Sussex County Council is responsible for management of the major capital projects which are currently underway to provide new and refurbished buildings for the Trust. This includes providing £11m towards the capital cost of new accommodation for The St Leonards Academy. Payments made to East Sussex County Council during the year amounted to £343,000 for the provision of support services. There was £112,000 outstanding at the year end.

Shoreline Learning is a company in which F Green, who was Chief Executive until 31 August 2012, has a majority interest. Transactions totalling £19,000 relating to the provision of a senior executive took place in the year. There were no amounts outstanding at the year end.

There were two members of staff who were also Directors who received £108,000 during the year in total as staff salaries and associated costs.

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2012

27 Conversion to an academy trust

On 1 September 2011 The Grove College, Filsham Valley School and Hillcrest School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hastings Academies Trust from the East Sussex County Council for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net resources expended in the Statement of Financial Activities

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

	Unrestricted	Restricted	Restricted	
	Funds	General	Fixed Asset	Total
	£000	Funds	Funds	£000
Tangible fixed assets	-	-	444	444
Budget surplus on LA funds	150	-	-	150
LGPS pension (deficit)	-	(595)	-	(595)
Total net (liabilities)	150	(595)	444	(1)

The above net liabilities include £150,000 that were transferred as cash

As part of the transfer the following buildings were leased to the Trust at a peppercorn rent

	Market
	Rents
	£'000
The St Leonards Academy -Darwell Campus	310
The St Leonards Academy -Edinburgh Campus	335
The Hastings Academy	240

These market rents have been calculated by an independent valuer and have been accounted for as a gift in kind