

Hastings Academies Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2015

Company Registration Number 7185046 (England and Wales)

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Hastings Academies Trust

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Reference and Administrative Details

Members:

Julian Crampton
Paul Griffiths
Jill Elizabeth Gray
Helen Hart
Cheryl Miller (resigned 16/7/15, effective from 15/7/16)
Cllr Keith Glazier (resigned 23/7/15, effective from 22/7/16)

Directors (Trustees):

Alexander Campbell
Clive Cooke
Julian Crampton (Chair to 30/11/15)
Neil Dart
Julian Davies
Paul Evans
Diana Francombe
Cllr Keith Glazier
Jill Elizabeth Gray
Paul Griffiths (Chief Executive and Accounting Officer)
Helen Hart
Steven Manwaring
Cheryl Miller (resigned 16/7/15)
Amber Rudd MP
Peter Savage (from 3/10/14)
David Standen (from 3/10/14)
Margaret Wallis

Company Secretary:

Samantha Coates

Senior Management Team:

Chief Executive
Director of Development
Director of Policy and Governance
Director of Operational Services
Director of School Improvement

Paul Griffiths
Bill Goodwin
Samantha Coates
Vanessa Norris
Peter Dougill (until 30/4/15) / Helen Howard (from 1/5/15)

Finance and Business Services
Director

Sandra Bartlett (from 5/2/15)

Principals (Officers of the Trust):

The Hastings Academy and The St Leonards Academy
The Hastings Academy
The St Leonards Academy
The Baird Primary Academy
Churchwood Primary Academy
Dudley Infant Academy

Jenny Jones (Executive Principal)

Hollington Primary Academy
Robsack Primary Academy
Silverdale Primary Academy

Michael Brett
Jon Francies
Tsai Tenn
Tracy Curl
Jane Ireland (Executive Principal of Dudley Infant Academy and All Saints Junior Academy)
John Smith
Caroline Thayre
John Smith Executive Principal (from 01/02/15 to 16/03/15) / Liz Miles (from 16/3/15)
Frances Robinson

West St Leonards Primary Academy

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Company Name: Hastings Academies Trust

Principal and Registered Office: The St Leonards Academy
Edinburgh Road
St Leonards On Sea
East Sussex
TN38 8HH

Company Registration Number: 07185046

Independent Auditor: KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

Bankers: National Westminster Bank
Havelock Road
Hastings
East Sussex
TN34 1GW

Solicitors: Mills & Reeve LLP
78-84 Colmore Row
Birmingham
B3 2AB

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Trustees' Report

Introduction

The Trustees present their annual report together with the financial statements and Auditors' Report of the Hastings Academies Trust for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Hastings Academies Trust has been established for the purpose of advancing education in the United Kingdom for the public benefit. The Trust operates nine academies in Hastings and St Leonards as follows:

Academy	Phase	Date joined	Capacity	Number on roll in 2014/15 (Oct 2014 census)
The Hastings Academy	Secondary (11-16 years)	September 2011	900 (+SEN Facility of 20)	824
The St Leonards Academy	Secondary (11-16 years)	September 2011	1,500 (+SEN Facility of 25)	1282
The Baird Primary Academy	Primary	January 2014	420	352
Churchwood Primary Academy	Primary	September 2014	210	214
Dudley Infant Academy	Infant	November 2013	180	173
Hollington Primary Academy	Primary	September 2014	420	382
Robsack Wood Primary Academy	Primary	September 2014	420	425
Silverdale Primary Academy	Primary	February 2015	630	625
West St Leonards Primary Academy	Primary	November 2013	420 (inc a SEN Facility of 12)	410
Total			5,145	4,687

In addition, The Baird, Churchwood, Hollington and Robsack Wood operate nurseries from their academies.

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 Trustees are also the Directors for the purposes of Company Law. The University of Brighton is the lead sponsor of the Trust, with BT and East Sussex County Council (ESCC) as co-sponsors.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

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.

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Trustees' Indemnities

Every Trustee 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

Method of Recruitment and Appointment or Election of Trustees

With effect from 1 November 2013, the Articles have been revised to reflect and accommodate the new academies joining the Trust and the Trust's organisational structure was reviewed. As the lead sponsor, the University of Brighton may appoint up to eleven Sponsor Trustees. As co-sponsors, BT and East Sussex County Council (ESCC) may each appoint up to two Trustees each. The Chief Executive is also a Trustee. Up to five chairs of the Trust's local governing bodies can be appointed as Academy Trustees. The Secretary of State may appoint additional Trustees and further Trustees (in specified circumstances).

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust is committed to adopting best practice in all aspects of corporate governance. The current Trustees 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 Trustees, who may not have the same level of experience. A similar approach is taken to the induction and training of new members of local governing bodies.

Organisational Structure

The Board of Trustees is the Trust's governing body and is responsible for policy direction. The Board of Trustees meets at least four times a year. The Board has three committees which are the Resources Committee, the Academic Committee and Audit Committee, which normally meet three times a year. The Board of Trustees has established five panels which meet as required - these are the Admissions, Exclusions, Grievance, Disciplinary and Complaints panels. The Board of Trustees is represented on these panels.

The Trust has also established a Local Governing Body for each academy (in the case of The Hastings Academy and The St Leonards Academy, there is a joint Local Governing Body). Each academy's Local Governing Body includes up to two members who are parents of students/pupils in the academy, who are elected by parent of students/pupils in the academy (in the case of The Hastings Academy and The St Leonards Academy, there are up to two parent representatives from each academy). A further two members of each Local Governing Body are staff of the academy, who are elected by staff in the academy (in the case of The Hastings Academy and The St Leonards Academy, there are up to two staff representatives from each academy).

Local governing bodies have a range of formal delegated responsibilities, associated with the implementation of the Trust's vision and values and its policies.

The Trust is managed by the Chief Executive together with a senior management team and central support staff. The senior management team, which was reviewed and strengthened in September 2014, comprises the Chief Executive, the Director of Development, the Director of Policy and Governance, the Director of Operational Services, the Director of School Improvement and the Executive Principals and Principals of the academies.

The Trust is a single legal entity which must account separately to the Department for Education in relation to each academy. The Chief Executive is the Trust's Accounting Officer.

Related Parties and other Connected Charities and Organisations

As the lead sponsor of the Trust, the University of Brighton has continued to provide managerial and administrative support to enable the Trust to achieve its objectives. It has also continued to provide professional development opportunities, via its School of Education, to members of staff in the Trust.

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Several members of the Trust's Senior Management Team (Chief Executive, Director of Policy and Governance, Director of Operational Services and Director of School Improvement) and two members of administrative staff supporting the Trust's work have contracts of employment with the University of Brighton (a proportion of their salary costs are re-charged to the Trust)

ESCC has been responsible for the management of the major capital projects to provide new and refurbished buildings The Hastings Academy and The St Leonards Academy (which were substantially completed by the end of August 2014, with some minor works continuing into 2015) ESCC also provide a range of support services to the academies including some HR and educational support services

British Telecom has supported the Trust through the active contribution of its appointed members of the Board of Trustees

The Trust has jointly appointed an Executive Principal with the Diocese of Chichester Academies Trust, who leads Dudley Infant Academy (an academy in the Hastings Academies Trust) and All Saints Church of England Junior Academy (an academy in the Diocese of Chichester Academies Trust) The Executive Principal's contract of employment is with the Hastings Academies Trust, the Diocese of Chichester Academies Trust contributes 60% of the Executive Principal's salary costs There is a memorandum of understanding between the Hastings Academies Trust and the Diocese of Chichester Academies Trust

In November 2014, the University of Brighton launched the University of Brighton Academies Trust, a multi academy trust for schools wishing to become academies in Sussex (outside Hastings) The first two academies joined the University of Brighton Academies Trust in April 2015, with a further two joining in September 2015 The Hastings Academies Trust and the University of Brighton Academies Trust have a shared central management team (specifically, Chief Executive, Director of Development, Director of Policy and Governance, Director of Operational Services and Director of School Improvement) The Hastings Academies Trust provides the central support services (Finance, ICT, Estates and HR) at cost price to the University of Brighton Academies Trust

Objectives and Activities

Objects and Aims

The objectives 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, carrying on, 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 Trust's overall aim and mission is to raise aspiration and provide high quality education for young people in the Hastings and St Leonards area, by addressing educational underperformance and maximising achievement and therefore progression to further and higher education

Objectives, Strategies and Activities

The Trust's objectives are

- To continue to support the regeneration of Hastings by taking a leading role in a cohesive strategy for the development of education in the town,
- To provide a vertical educational partnership with high quality education provision for young people in the town, from nursery, to primary and secondary education, facilitating progression to vocational and degree level opportunities,
- To build on the Trust's family of schools by providing mutual challenge and support through peer working and school to school support,
- To provide challenge and timely support to academies from a range of external providers including former HMI, lead Ofsted inspectors, senior local authority officers specialising in the

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effective management of school performance (in both primary and secondary schools), subject consultants, and practising primary and secondary principals

- From the Trust's links with the University of Brighton, to provide first class, evidence based education research that is recognised locally, nationally and internationally and is relevant both to academy leaders and policy makers, to provide access to research that identifies best practice so that school improvement is rapid, sustainable and continuous, rooted in evidence of successful practice elsewhere that can be differentially applied to individual schools according to their circumstances, and to exploit the links between initial teacher training with school improvement initiatives,
- To provide high quality teaching and learning, underpinned by strong and effective leadership,
- To provide career pathways and high quality professional development to all staff within the Trust, from initial teacher training to leadership,
- To provide a robust performance management framework that links performance related pay to achievement,
- To provide a strong team of well-qualified staff responsible for the delivery of support services

The Trust's vision of educational excellence in the Hastings area and beyond will be secured by the implementation of a long-term strategy for school improvement and through establishing a strong educational partnership with educational institutions in the town

The Trust's school improvement strategy is based around its Quality Framework, a set of principles and procedures for school improvement based on challenge and support, school to school support and professional development. A Strategic Improvement Group oversees school improvement activity, with responsibility for (i) identifying common priorities and co-ordinating trust level actions, (ii) facilitating the sharing of good practice and staff expertise across the trust, (iii) considering how to develop career progression opportunities, including the development of Specialist Leaders of Education, Local Leaders of Education and Expert Practitioners, and (iv) developing and monitoring the trust's annual strategic improvement plans. A strong school improvement workforce has been developed, drawing on internal expertise and complemented by external experts and support from national teaching schools. The strategy also maximises links with the University's School of Education, in support of the training and professional development of staff.

The Trust's partnership strategy has been exemplified by the extension of sponsorship to primary schools, notably the partner schools to The Hastings Academy and The St Leonards Academy. This ensures continuity and progression for children's learning as they transfer from one phase to another, as well as a cohesive strategy for the development of education in the town, not least in ensuring value for money. A 'Vertical Education Partnership' has been established, comprising the Trust's academies, the local further education college and the University's Hastings campus so that an all-through and high quality education is provided for young people in the town, from primary to vocational and degree level opportunities.

The Trust's strategy for the development and implementation of its vision is based upon the capacities of the University, its co-sponsors and its strategic partners to provide all the elements necessary for the sustainable development of successful schools. These capacities include intervention, where this is required, research into school improvement (including best practice and how this is successfully applied in differing settings), the development of curriculum expertise, sustainable supply of the best teaching staff through initial teacher training and professional development, particularly shortage subjects, performance management of staff at all levels within the academies, and the delivery of high quality back office professional services that will deliver value for money support, including finance, HR, facilities management and ICT.

Public Benefit

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 Trustees considered how planned activities would contribute to the aims and objectives they have set.

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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, in due course, 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

Strategic Report

Context

All of the academies in the Trust serve communities with a high degree of social disadvantage. In 2010, Hastings moved from being the 31st most deprived borough in the country to the 17th most deprived (and the most deprived in the south east outside London). In 2015 it was ranked as the 13th most deprived borough in the country. Hastings has two 'Lower layer super output areas' (LSOAs) which are amongst the most deprived 1% in the country in the Baird and Tressell wards. A further 13 LSOAs are in the most deprived 10%. In these areas, approximately 40% of children live in poverty (i.e. children living in families in receipt of out-of-work benefits or in receipt of tax credits with a reported income below 60% of the national median income). Many of the academies' pupils/students come from these communities.

The characteristics of the pupils/students in the Trust's academies are available in the most recent Department for Education School Performance Tables (2013/14), and confirm that the academies are highly inclusive schools which serve, in most cases, a significantly higher proportion of disadvantaged children than local and national averages.

Academy	Disadvantaged students
The Hastings Academy	53.9%
The St Leonards Academy	43.8%
East Sussex (Secondary)	24.0%
National (Secondary)	28.6%
The Baird Primary Academy	61.0%
Churchwood Primary Academy	60.9%
Dudley Infant Academy	25.6%
Hollington Primary Academy	60.3%
Robsack Wood Primary Academy	36.0%
Silverdale Primary Academy	23.5%
West St Leonards Primary Academy	31.4%
East Sussex (Primary)	23.6%
National (Primary)	26.8%

There are 25 places for students with high level physical needs or autism in a special facility in The St Leonards Academy, and 20 places for students with speech, language and communication difficulties in a special facility at The Hastings Academy. West St Leonards Primary Academy also has a special facility, with 12 places for children with moderate learning difficulty and physical disabilities.

In most of the Trust's academies, the proportion of pupils/students with an identified special educational need is increasing, with between 20-25% of pupils/students having additional learning

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needs (and in two academies, over 30% of children have special educational needs) this is significantly higher than local and national averages (which are typically 7-8%)

Pupil mobility in the area is extremely high, with over 680 applications for in-year admission during the year across all of the Trust's academies (approximately 60% of these applicants were offered places) this creates significant turbulence and recent research carried out by the Royal Society of Arts (July 2013) has also demonstrated that in-year moves are largely detrimental to students' learning outcomes

Key Educational Performance Indicators

Attainment

Secondary academies

Academy / Attainment	2014 National average	2014 Result	2015 Target	2015 FFD ¹	2015 Result ²
The Hastings Academy					
% 5+ A*-C GCSEs inc English & maths	55%	43%	48 – 52%	42%	35%
% A*-C GCSE English	67%	61%	58 – 62%	52%	58%
% A*-C GCSE Maths	67%	49%	58 – 62%	53%	43%
The St Leonards Academy					
% 5+ A*-C GCSEs inc English & maths	55%	53%	58 – 62%	53%	58%
% A*-C GCSE English	67%	72%	78 – 82%	61%	73%
% A*-C GCSE Maths	67%	59%	68 – 72%	61%	63%

The St Leonards Academy has achieved its best ever GCSE results (58% of students gained 5+ A*-C GCSEs including English and maths, compared to 53% in 2014), continuing the trend of improvement since it opened in 2011. Results in English and maths have similarly improved (from 72% to 73% and from 59% to 63% respectively), and the academy also outperformed its Fischer Family Trust estimates (these are based on the results of the top 20% similar schools, based on the profile of children in those schools)

At The Hastings Academy, a record number of students obtained grade A* or A grades, and a number of subject areas performed particularly well, including Science (A*-C 61%), Photography (A*-C 96%), Art Textiles (A*-C 82%), Drama (A*-C 100%) and Catering (A*-C 96%)

However, despite these very positive achievements, grade boundary shifts have meant that results are not as high as anticipated in some areas. These shifts adversely affect schools serving disadvantaged communities with a large proportion of students who arrive with lower attainment (and, consequently, have more students attaining around the grade C/D border). It is also noted that The Hastings Academy lost three of its most experienced maths teachers partway through the year.

Primary academies

Key stage 2 attainment (i.e. attainment of 11 year olds at the end of Year 6) in primary schools is measured by the percentage of pupils achieving the expected level 4 in reading, writing and maths. The DfE's floor standard (the expected levels of school performance) was raised to 65% in 2014/15, and calculators were banned in the maths test for the first time.

¹ FFD is the estimated attainment of the top 20% similar schools provided by the Fischer Family Trust, based on the profile of students in the school.

² The DfE's 2015 provisional results, issued on 15/10/15 indicate that the percentage of students achieving % or more A*-C GCSEs including English and Maths nationally was 56%.

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Academy (% per pupil)	Attainment 4+	Reading	Writing	Maths	EPGS ³	R,wr,ma ⁴
<i>National 2014</i>		89	85	86	76	79
Baird (2.5%)	2015	83	85	70	58	65
	↑/↓ vs 2014	↑24	↑24	↑15	↑3	↑24
Churchwood (5%)	2015	77	86	64	68	59
	↑/↓ vs 2014	↓	↑	↓	↑	↓
Churchwood without SEND	2015	90↑	100↑	74↑	79↑	68↑
Hollington (2.5%)	2015	92	82	90	76	79
	↑/↓ vs 2014	↑6	↑8	↑11	↑7	↑9
Robsack (2%)	2015	92	88	92	83	85
	↑/↓ vs 2014	↓3	↑1	↓3	↑2	↓3
Silverdale (1.1%) Joined Feb 15	2015	89	82	78	68	69
	↑/↓ vs 2014	↓1	↑7	↓7	↓1	↓2
WSL (1.7%)	2015	73	84	68	68	70
	↑/↓ vs 2014	↓16	↓7	↓12	↓17	↓17
WSL without SEND	2015	82↓	94↑	80 =	76↓	78↓

Key stage 1 attainment is commonly measured by the percentage of pupils achieving level 2b+ at the end of the key stage

Academy (% per pupil)	Attainment 2b+	Reading	Writing	Maths
<i>National 2014</i>		81	70	80
Baird (1.7%)	2015	73	53	80
	↑/↓ vs 2014	↑9	↑6	↑25
Churchwood (3.3%)	2015	87	80	90
	↑/↓ vs 2014	↑	↑	↑
Dudley (1.7%)	2015	80	55	75
	↑/↓ vs 2014	↑17	↑4	↑9
Hollington (1.6%)	2015	89	81	88
	↑/↓ vs 2014	↑16	↑14	↑16
Robsack (1.5%)	2015	86	65	74
	↑/↓ vs 2014	↓	↓	↓
Silverdale (1.1%)	2015	83	66	92
	↑/↓ vs 2014	↑15	↑9	↑18
WSL (1.7%)	2015	95	82	84
	↑/↓ vs 2014	↑13	↑17	↑6
WSL without SEND	2015	97	83	85

In the Trust's primary academies, results were similarly positive overall at both key stage 1 and key stage 2. There have been improved results in all but one of the academies and in most cases outcomes are above or very close to national averages. Notable achievements include results at The Baird Primary Academy, which improved significantly and is now above the floor standards and much closer to national averages, Hollington Primary Academy, which has seen consistent improvement in all subjects and key stages, and Robsack Wood Primary Academy, which has maintained above national average attainment in all areas. Attainment at one academy (West St Leonards) has declined overall, however, the cohort was comprised of a much higher than average proportion of pupils with low prior attainment and, from their starting points, have made good levels of progress.

Pupil/student recruitment

In relation to the recruitment of Year 7 and Reception Year students/pupils to the Trust's academies (for September 2015 entry), the number of applications received from parents increased on 2014 numbers, as have first choice preferences. All but one academy (which agreed

³ English grammar, punctuation and spelling tests

⁴ Reading, Writing and Maths results combined

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to admit a 'bulge' reception year class, in consultation with the local authority) is now oversubscribed, with waiting lists

Key Employment Performance Indicators

The Trustees 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 has continued to be in place all year which establishes a framework for liaison with staff and union representatives. In line with this agreement, both local and Trust Joint Consultative Committee (JCC) meetings took place during the year. A Staff Welfare programme has been in place throughout the year providing a comprehensive support and counseling service for all members of staff.

Key Financial Performance Indicators

All of the academies in the Trust achieved their operational targets within the budgets agreed at the start of the year (or at the point at which the academies joined the Trust, in the case of the primary academies).

With 9 academies now in the Trust (although at various joining dates), a number of financial indicators will be used in the future to assist directors (trustees) in managing the Trust's financial affairs to ensure efficient operation, liquidity and effective use of resource.

The ratio of staff related expenditure to Income was 74.55% (79.1% in 2013/14) which was within the defined range (70-80%).

Going Concern

After making appropriate enquiries, the Board of Trustees 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.

Financial Review

Financial Position

During the year grant income of £25.7 million (2013/14 – £18 million) was received for the achievement of the academies' educational aims and objectives.

Included within grant income, Pupil Premium payments amounting to £2.109m 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 these students. An additional sum of £187k enabled all new year 7 pupils (entering the academies in September 2014) receiving Free School Meals to have the chance to attend the Summer School activities organised by the two secondary academies.

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Additional funds of £297k 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. The availability of academy resources for community use has been somewhat restricted during the recent building and extensive grounds and landscaping works, but will be increased during the next academic year.

Donated land & buildings have been accounted for at a value of £13.7 million for the four Primary Academies which joined the trust during the year.

Pension Adjustments (due to FRS17) amounted to £1,478, (this includes £476k pension deficit from the academies that joined in the year) taking our Statutory Provision to £4.7 million. Pension contributions for 2014/15 are all fully included in the agreed budgets for staffing and this Provision does not create an additional cash burden.

Reserves Policy

Academies are funded on a monthly basis by Department for Education (DfE) grants and income fairly matches expenditure, with around 81% being spent on teaching and other staffing costs.

The EFA previously set limits on the amount of the General Annual Grant (GAG) that could be carried forward from one year to the next. With effect from 2012, these limits were removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long term capital projects. The Hastings Academies Trust has defined the reserves policy to ensure that sufficient funds are accumulated to enable the new and refurbished school buildings to be maintained and equipment and ICT assets renewed when required in the foreseeable future.

The Trustees review the reserve levels of the Trust annually. The two secondary academies had a substantial capital investment in both their buildings and ICT during 2012/13 and it is essential that the accumulated level of reserves for the replacement and review of building and ICT assets should be maintained. This will ensure that an appropriate proportion of expenditure currently estimated to be required to enable ICT assets to be refreshed on a 3 to 10 year basis and to replace equipment and fixtures and fittings within the academy buildings according to a detailed 10 year forecast prepared for this purpose.

Maintaining a level of reserves is essential as the academies have no recourse to any significant income streams other than DfE annual revenue and Multi Academies Trust Condition Improvement Funding. Annual devolved capital funding is now very small.

Accounting for the Local Government Pension Scheme (LGPS) means 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.

Principal Risks and Uncertainties

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks. The Board of Trustees 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. In light of the expansion of the Trust during 2013/14 and 2014/15, a review of the policies and practices is being undertaken. The financial regulations were updated.

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during 2014/15 and approved in July 15, the Scheme of Delegation was reviewed and approved in October 2015, the risk management policy is currently being reviewed for approval during 2015/16

A new Audit Committee was established for 2014/15, chaired by the one of the Trust's most experienced Trustees, to ensure that the Trust's operations and activities are underpinned by sound internal financial control and risk management arrangements

The Trust is concerned to maintain and develop the 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 (a comprehensive five year financial plan was developed during 2013-14) and identified potential risks and uncertainties relating to income streams. The plan is being updated currently to reflect the changing context

A key risk continues to be 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

Another risk relates to the potential reduction in government funding in future years, for example, in relation to the Education Services Grant and pressures on funding for Nursery provision. The Trust's cost base is being kept under review to ensure it can deal with variations, and strategies for increasing non-government funding are being pursued, for example, re nursery provision, lettings etc. Pay related increases outside of the Trust's control, such as those related to pension and National Insurance contributions continue to pose a risk to the Trust and careful management of budgets will be required to ensure that funding focuses on supporting the Trust's key priorities

The ability to gain capital funding as a result of bids for government funding for specific projects, for example The Baird Primary Academy building development, could compromise the ability to provide good quality learning and teaching. The Multi Academy Trust Condition Improvement Funding should help mitigate some of this risk but is not sufficient to meet the needs of large capital replacement projects

The Trust recognises the importance of having a financial system which is capable of supporting effective budget management and monitoring in a multi academy trust context. Whilst the existing financial system provides a basic level of support, the Trust was seeking increased functionality. Following an analysis of a number of financial systems the Trust selected Sage 200 as its new finance system, together with a Sage partner to support implementation in 2015/16. During 2014/15 the structure of the Finance team was also reviewed and permanent appointments approved to increase support to the academies and the Trust and therefore mitigate potential budget management risks

Recruitment and retention of high quality staff is an ongoing challenge. The Trust continues to develop strategies to address this challenge. Any expansion of the Trust beyond its infrastructure capability could have presented a risk to the Trust but staffing put in place during 2013/14 and 2014/15 began to mitigate this risk and it is envisaged that the Trust will reach its optimum size during 2015/16 enabling consolidation and maximisation of economies of scale in relation to its infrastructure

The Trust's safeguarding policy and related checks and procedures mitigate any potential risk of a serious safeguarding incident

Hastings Academies Trust

Plans for Future Periods

The Trust has set ambitious targets for the academic achievement of pupils/students attending the academies. These targets will be measured against key indicators. In addition, development plans have been put in place to drive the improvement agenda. Both of the secondary academies and a number of the primary academies are anticipating an Ofsted inspection during 2015/16, which provide a key focus for their development plans. Intensive improvement plans have been developed in support of the Trust's most vulnerable academies. The Trust's new Strategic Improvement Group will co-ordinate all school improvement activities across the Trust, with a key priority to increase internal capacity and expertise, in support of school to school improvement.

Key priorities for the Trust's secondary academies for 2015/16 are to continue to improve 'first wave' teaching (i.e. provide high quality teaching and learning to all students from Year 7), to close the attainment gap between advantaged and disadvantaged students, and to improve attainment in maths.

Key priorities for the Trust's primary/infant academies for the forthcoming year are to raise attainment and progress in maths at Key Stage 2, raise attainment in writing at Key Stage 1; raise boys' attainment and raise attainment in English grammar, punctuation and spelling.

All of the academies will be participating in Ofsted's 'Coastal Challenge' initiative, with Hastings one of two areas nationally identified to launch a new town wide co-ordinated strategy to address educational under achievement of children from disadvantaged backgrounds.

The recruitment and retention of high quality staff are key to achieving these academic targets and plans. The Trust has developed a Leadership and Professional Development Strategy which supports colleagues at all levels in their career development and facilitates succession planning and talent spotting across the Trust. In support of the recruitment of new teachers, the Trust will continue to work with its lead sponsors, the University of Brighton, in developing and establishing initial teacher training programmes, which includes a new School Direct training programme to complement existing recruitment from the now well established Teach First initiative.

Further significant expansion of the Trust is not anticipated, nevertheless, the Trust will continue to liaise with other local schools who express an interest in joining the trust and to supporting their conversion to academy status, provided that this is in accordance with the Trust's aim of improving the quality of education across the age ranges in the Hastings and St Leonards areas and that there is the sufficient capacity to facilitate this.

One of the Trust's co-sponsors, East Sussex County Council, announced its intention to withdraw as a sponsor of the Trust with effect from July 2016. Consequently, during 2015/16 a review of the Trust's governance arrangements will be undertaken, also taking into account the Department for Education's preferred governance models for multi academy trusts.

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

In support of this, a key priority for the year is to manage the implementation of a new financial management/accounting system across all of the academies in the Trust.

Hastings Academies Trust

Auditor

Insofar as the Trustees are aware

- There is no relevant audit information of which the Trust's auditor is unaware, and
- The Trustees 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 LLP were reappointed as the auditors of the Trust

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees as the Company Directors 17 December 2015 and signed on the Board's behalf by



J E Gray
Trustee
17 December 2015

Hastings Academies Trust

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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 Trustees 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 the Hastings Academies Trust and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Board of Trustees 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 Trustees' responsibilities. The Board of Trustees has formally met four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Professor JM Crampton (Chair)	4	4
Mr A Campbell	2	4
Mr C Cooke	1	4
Mr N Dart	3	4
Mr J Davies	4	4
Mr P Evans	2	4
Ms D Francombe	2	4
Councillor K Glazier	1	4
Mrs J E Gray	3	4
Mr P Griffiths	4	4
Ms H Hart	2	4
Mr S Manwaring	3	4
Mrs C Miller	4	4
Ms A Rudd	0	4
Mr P Savage	3	4
Mr D Standen	2	4
Mrs M Wallis	4	4

Two new trustees were appointed at the beginning of the year (Mr P Savage and Mr D Standen), both of whom are chairs of local governing bodies in the Trust.

During the latter part of the year, each academy's Local Governing Body was asked to complete a self-evaluation and skills audit, the outcomes of which will be analysed during 2015/16. The Board of Trustees plans to undertake a self-evaluation and skills audit during autumn 2015.

The Board of Trustees considers that its main challenge during the year has been monitoring the implementation of an appropriate infrastructure, particularly connected with financial and risk management, which has been required as a result of the Trust's recent expansion.

Hastings Academies Trust

The Audit Committee is a sub-committee of the Board of Trustees, and was constituted at the beginning of the 2014/15 year. Its purpose is to ensure that the operation of the Trust is underpinned by sound internal financial control and risk management arrangements. The Audit Committee met three times during the year. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Campbell	0	3
Mr P Evans	3	3
Mrs C Miller	3	3
Mr M Bewlock (Non-Trustee member)	1	3

The Resources Committee is a sub-committee of the Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of each academy's finance and resources, including proper planning, monitoring and probity. It also makes appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis and to refer major issues to a Board of Trustees meeting for ratification. The Resources Committee met three times during the year. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Mr N Dart	3	3
Councillor K Glazier	2	3
Mr P Griffiths	3	3
Ms H Hart	3	3
Mr R Winson (Non-Trustee member) [until 31/12/14]	1	1
Mr A Matthews ((Non-Trustee member) [from 1/1/15]	2	2

The Academic Committee is a sub-committee of the Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibilities relating to standards, strategic academic planning and each academy's curriculum. The Academic Committee met three times during the year. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Mr P Dougill (Non-Trustee member) [until 30/4/15]	2	2
Mr C Cooke	0	3
Mr J Davies	3	3
Ms D Francombe	3	3
Mr P Griffiths	3	3
Mrs H Howard (Non-Trustee member) [from 1/5/15]	1	1
Dr J Smith (Non-Trustee member)	2	3
Mrs M Wallis	3	3

Review of Value for Money

As Accounting Officer the Chief Executive has responsibility for ensure 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 taxpayer resources received.

Hastings Academies Trust

The Accounting Officer considers how the Trust's use of resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by

Implementing a new senior structure across the Trust's two secondary academies, The Hastings Academy and The St Leonards Academy, including the appointment of a new Executive Principal to oversee both academies. This has provided opportunities for sharing good practice, promoting consistency and establishing common systems and protocols (such as shared curriculum development) across the two academies.

Reviewing and implementing a new central management team (comprising a small number of specialist directorate level posts) which is shared with the Trust's 'sister trust', the University of Brighton Academies Trust (both trusts are led by the same sponsor, the University of Brighton). This enables specialist advice and support to be provided to the trusts' academies, facilitates the sharing of good practice and enables economies of scale to be achieved. Similarly, the two trusts have a single central services team, providing Finance, HR, ICT and estates support.

Maximising links with the Trust's lead sponsor, the University of Brighton. This has included the provision of specialist financial and legal advice, as well as supporting a range of educational initiatives such as cross-Trust continuing professional development activities, for example

- An English Parental Engagement project, focusing upon subject knowledge enhancement and the effective involvement of parents in their children's reading
- A Maths Subject Knowledge Enhancement programme,
- The establishment of a Maths Development Hub,
- A series of Science workshops in which pupils work with university science tutors and student teachers in the science labs on the University's Falmer site,
- A phonics INSET session, which focused on early reading and Systematic Synthetic Phonics

The Trust is currently recruiting a Procurement Officer whose role will be to seek ways of improving further Value for Money through shared procurement approaches.

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 risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hastings Academies Trust for the year to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees 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 Trustees 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 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Hastings Academies Trust

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 Trustees,
- 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,

The Board of Trustees has considered the need for a specific internal audit function and has appointed East Sussex County Council as internal auditor

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

The Audit Committee received reports on the operation of the systems of control from the Internal Auditors twice during the financial year, the auditors attending one of the meetings. The external auditor reported to the committee once during the financial year and attended one of the meetings

The internal auditor delivered the agreed schedule of work as planned. Key issues highlighted and agreed actions include

- The review of Trust's financial procedures and regulations, to ensure that these reflect the expanded Trust (revised regulations approved July 2015),
- The implementation of a programme of training for staff on the Trust's financial regulations (training on the new regulations is scheduled for Autumn 2015),
- The implementation of greater controls on the use of credit cards (a revised credit card policy has been drafted and was improved in early 2015/16)
- The review of payroll reporting and authorization (ongoing liaison with the existing payroll provider. A formal review of payroll providers is being undertaken during 2015/16)
- A review of purchase order processes in line with implementation of the new finance system (a revised purchase order request process has been implemented together with implementation of Sage 200, circulation of the new financial regulations to staff and an updated delegation matrix. Financial regulations workshops are being held for colleagues)
- A review of lettings, outstanding and other income related processes to be undertaken (the Finance Manager is reviewing the processes during Autumn 2015 and new processes around raising invoices for other income have been developed)

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

Hastings Academies Trust

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the Board of Trustees 17 December 2015 and signed on its behalf by



J E Gray
Trustee



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



Paul Griffiths
Accounting Officer
17 December 2015

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the Hastings Academies Trust for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make 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 Charitable Company will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company 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 Trustees 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Board of Trustees 17 December 2015 and signed on its behalf by



J E Gray
Trustee

Hastings Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of the Hastings Academies Trust

We have audited the financial statements of Hastings Academies Trust for the year ended 31 August 2015 set out on pages 28 to 51. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 (SORP 2005) and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) 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 2014 to 2015 (SORP 2005) 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 Trustees' Responsibilities set out on page 23, the Trustees (who act as Directors of the charitable 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs at 31 August 2015, and of the charitable company's incoming resources and application of resources, including the charitable company's 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 2014 to 2015 (SORP 2005) issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

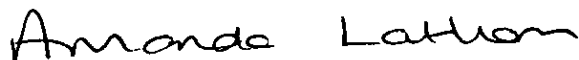
In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hastings Academies Trust

Matters on which we are required to report by exception

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

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



Amanda Latham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
17 December 2015

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

In accordance with the terms of our engagement letter dated 09 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 01 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Hastings Academies Trust (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 10 March 2010 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

Hastings Academies Trust

The work undertaken to draw our conclusion included

- Documenting the framework of authorities which govern the activities of the Academy Trust,
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities,
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements,
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teachers/Principals on behalf of the Governing Body,
- Testing compliance with delegated authorities for a sample of material transactions,
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014,
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities, and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015

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



Amanda Latham
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
17 December 2015

Hastings Academies Trust

Statement of Financial Activities for the period ended 31 August 2015 (including income and Expenditure Account and Statement of total recognised Gains and Losses)

	Notes	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2015 £000	Total 2014 £000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	2	110	-	13,720	13,830	6,774
Activities for generating funds	3	800	-	-	800	536
Investment income	4	21	-	-	21	19
<i>Incoming resources from charitable activities</i>						
Funding for the academy trust's educational operations	5, 6	1,752	24,934	-	26,686	17,768
Total incoming resources		2,683	24,934	13,720	41,337	25,097
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		-	-	-	-	62
<i>Charitable activities</i>						
Academy trust educational operations	7,8	-	26,101	1,499	27,600	18,927
<i>Governance costs</i>	9	-	199	-	199	231
Total resources expended	7	0	26,300	1,499	27,799	19,220
Net incoming/(outgoing) resources before transfers		2,683	(1,366)	12,221	13,538	5,877
Gross transfer between funds	18	-	(1,554)	1,554	-	-
Net income (expenditure) for the year		2,683	(2,920)	13,775	13,538	5,877
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	18,26	-	(1,073)	-	(1,073)	(1,784)
Net movement in funds		2,683	(3,993)	13,775	12,465	4,093
Reconciliation of funds						
Total funds brought forward at 1 September 2014	18	860	(9)	54,432	55,283	51,190
Total funds carried forward at 31 August 2015		3,543	(4,002)	68,207	67,748	55,283

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

Hastings Academies Trust
Balance sheet as at 31 August 2015

Company Number: 7185046

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	14		68,207		55,966
Current assets					
Stock					
Debtors	15	722		615	
Cash at bank and in hand		5,513		3,783	
		<u>6,235</u>		<u>4,398</u>	
Liabilities					
Creditors amounts falling due within one year	16	(1,994)		(1,859)	
Net current assets			<u>4,241</u>		<u>2,539</u>
Total assets less current liabilities			72,448		58,505
Pension scheme liability	26	(4,700)		(3,222)	
Net assets including pension liability			<u>67,748</u>		<u>55,283</u>
Funds of the academy trust:					
restricted funds					
Fixed asset fund	18		68,207		54,432
General fund	18		698		3,213
Pension reserve	18		(4,700)		(3,222)
Total restricted funds			<u>64,205</u>		<u>54,423</u>
Unrestricted funds					
General fund	18		3,543		860
Total unrestricted funds			<u>3,543</u>		<u>860</u>
Total funds			<u>67,748</u>		<u>55,283</u>

The financial statement on pages 28 to 51 were approved by the Trustees and authorised for issue on 17 December 2015 and are signed on their behalf by



JE Gray, Trustee

Hastings Academies Trust

Cash flow statement for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Net cash inflow / (outflow) from operating activities	21	1,729	875
Returns on investments and servicing of finance	22	21	19
Capital expenditure	23	(20)	(27)
(Decrease) / Increase in cash in the year		1,730	867
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		3,783	2,916
Net funds at 31 August 2015		5,513	3,783

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 2014/15 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 Trustees 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 Trustees 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital Grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **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 values 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 the appropriate fixed asset category and depreciated over the useful economic life in accordance with the trust's accounting policies.

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

1 Statement of Accounting Policies (continued)

Resources Expended

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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £5,000 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. Where the tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

	Years
• Fixtures, fittings and equipment	5
• ICT equipment	3 - 10
• Buildings	125 (Shorter of 125 or length of lease)
• Land	Not depreciated

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

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

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

1 Statement of Accounting Policies (continued)

Leases

Rentals under operations leases are charged on a straight line basis over the lease term

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 25, 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 Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders 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 / Department for Education.

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

2 Voluntary Income

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Transfer from Local Authority on conversion	-	13,720	13,720	6,674
Trip income	96	-	96	-
Donations	14	-	14	3
	<u>110</u>	<u>13,720</u>	<u>13,830</u>	<u>6,677</u>

3 Activities for Generating Funds

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Hire of facilities	113	-	113	-
IT services (inc 1-1 scheme)	364	-	364	320
Other income	323	-	323	216
	<u>800</u>	<u>-</u>	<u>800</u>	<u>536</u>

4 Investment Income

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Short term deposits	21	-	21	19
	<u>21</u>	<u>-</u>	<u>21</u>	<u>19</u>

5 Incoming resources from Charitable Activities

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Education	1,390	24,586	25,976	17,865
Nursery & Extended School	362	348	710	-
	<u>1,752</u>	<u>24,934</u>	<u>26,686</u>	<u>17,865</u>

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

6 Funding for the Trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
DfE / EFA grants				
General annual grant (GAG)	-	20,461	20,461	16,114
Start up grants	-	23	23	174
Capital grants	-	332	332	97
Other DfE / EFA grants	-	2,932	2,932	1,480
	-	23,748	23,748	17,865
Other Government grants				
Local Authority grants	1,187	838	2,025	-
	1,187	838	2,025	-
Other income				
	203	-	203	-
	1,390	24,586	25,976	17,865

7 Resources Expended

	Staff costs £000	Non Pay expenditure		Total 2015 £000	Total 2014 £000
		Premises £000	Other £000		
Cost of Generating Voluntary Income					
<i>Trust's Educational Operations</i>					
Direct Costs	19,915	1,499	2,890	21,304	11,076
Allocated Support Costs	3,059	1,613	1,624	6,296	7,913
	19,974	3,112	4,514	27,600	18,989
Governance Costs Including Allocated Support Costs					
	15	-	184	199	231
	19,989	3,112	4,698	27,799	19,220

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

8 Charitable Activities

	Total 2015 £000	Total 2014 £000
Direct costs – educational operations		
Teaching and educational support staff costs	16,915	8,864
Depreciation	1,499	679
Technology costs	318	-
Educational supplies	806	919
Examination fees	177	181
Staff development	156	109
Educational consultancy	599	199
Other direct costs	834	125
	21,304	11,076
Support costs – educational operations		
Support staff costs	3,059	4,020
Depreciation	-	838
Technology costs	70	208
Recruitment and support	183	150
Maintenance of premises and equipment	775	560
Cleaning	145	47
Rent and rates	225	103
Energy costs	287	232
Insurance	181	109
Security and transport	34	15
Catering	696	321
Bank interest and charges	8	4
Other support costs	633	1,306
	6,296	7,913
Total direct and support costs	27,600	18,989

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

9 Governance costs

	Total 2015 £000	Total 2014 £000
Legal and professional fees	143	181
Auditor's remuneration		
Audit of financial statements	35	47
Other audit costs	5	1
Support staff costs	15	1
Trustees' reimbursed expenses	1	1
	199	231

10 Staff Costs

Staff costs during the period were

a. staff costs

	2015 £000	2014 £000
Wages and salaries	14,917	10,113
Social security costs	981	715
Pension costs	2,603	3,533
	18,501	14,361
Supply teacher costs	984	244
Compensation payments	34	63
	19,519	14,668

Staff costs have risen in the current year due to four new schools joining the Academy Trust. Increase in supply teachers costs is due to Hastings areas being hard to recruit staff and the need to use overseas teachers via an agency.

b. Non-contractual staff severance payments

Included in compensation payments are non-contractual severance payments. Individually, the payments were £21,750, £6,500, £4,323 and £1,730.

c. Staff numbers

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

	2015 £000	2014 £000
Teachers	282	190
Administration and support	535	197
Management	6	3
	823	390

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

10 Staff Costs (continued)

d Higher paid staff

The number of employees whose emoluments exceeded £60,000 was

	31 August 2015 No.	31 August 2014 No.
£60,001 - £70,000	4	4
£70,001 - £80,000	3	0
£80,001 - £90,000	0	0
£90,001 - £100,000	0	1
£100,001 - £110,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £81,589 (2014 £54,537)

11 Related Party Transactions - Trustees' remuneration and expenses

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

During the year ended 31 August 2015, travel and subsistence expenses totalling £417 10 (2014 £925) were reimbursed or paid to 2 trustees (2014 2 trustees)

Other related party transactions involving the trustees are set out in note 27

12 Central services

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

- Human Resources
- Financial Services
- Estates Management
- Educational Support Service
- Leadership and Governance

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

- 5% of GAG and Nursery Income
- Fixed charge (including ICT and website support)

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

12 Central services (continued)

The Actual amounts charged during the year were as follows -

	31 August 2015 £000
The Baird Primary Academy	71
Churchwood Primary Academy	55
Dudley Infant Academy	36
Hollington Primary Academy	82
Robsack Wood Primary Academy	91
Silverdale Primary Academy	54
West St Leonards Primary Academy	83
The Hastings Academy	347
The St Leonards Academy	533
Total	1,352

13 Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover on any one claim and the cost for the year ended 31 August 2015 is not separately identifiable within the payment of £25 per pupil (2014 £1,496). The cost of this insurance is included in the total insurance cost.

14 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2014	53,760	1,416	2,920	58,096
Donated in year	13,720	-	-	13,720
Additions	-	-	20	20
At 31 August 2015	67,480	1,416	2,940	71,836
Depreciation				
At 1 September 2014	446	353	1,331	2,130
On donated assets	487	271	49	807
Charged in year	-	12	680	692
At 31 August 2015	933	636	2,060	3,629
Net book values				
At 31 August 2015	66,547	780	880	68,207
At 31 August 2014	53,314	1,063	1,589	55,966

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

15 Debtors

	2015	2014
	£000	£000
Trade debtors	32	170
VAT recoverable	292	173
Pre-payments and accrued income	398	272
	<u>722</u>	<u>615</u>

16 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	60	578
Taxation and social security	315	172
Other creditors	369	139
Accruals and deferred income	1,250	970
	<u>1,994</u>	<u>1,859</u>

Deferred Income

	2015	2014
	£000	£000
Deferred income at 1 September 2014	336	453
Resources deferred in the year	348	336
Amount released from previous years	(336)	(453)
Deferred income at 31 August 2015	<u>348</u>	<u>336</u>

At the Balance sheet date the Trust was holding funds received in advance UIFSM (£203k), EYEE (£46k), Income from parents for Trips, Nursery, School production and clubs (£31k), Education Improvement Partnership (£45k), Troubled Families grant (£12k) and other Grants (£11k) for 2015-16 academic year

17 Other creditors

	2015	2014
	£000	£000
Other creditors	369	139
	<u>369</u>	<u>139</u>

Included within other creditors is a Salix loan of £25,026 80 which was inherited from the local authority predecessor school on conversion. The loan is from East Sussex County Council which started in in 2013 and ends in 2020 the annual repayments are £3,129 12

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

18 Funds

	Balance at 31 August 2014 £000	Incoming Resources £000	Resources Expended £000	Gains Losses and Transfers £000	Balance at 31 August 2015 £000
Restricted general funds					
General Annual Grant (GAG)	(345)	20,461	(18,562)	(1,554)	-
Start Up grant	-	23	(23)	-	-
Other DfE/EFA grants*	3,558	4,450	(7,310)	-	698
Gift in Kind	-	-	-	-	-
Pension reserve	(3,222)	-	(405)	(1,073)	(4,700)
	(9)	24,934	(26,300)	(2,630)	(4,002)
Restricted fixed asset funds					
DfE/EFA capital grants	138	-	-	-	138
Capital expenditure from GAG	7	-	(692)	1,554	1,561
Donated Tangible assets	54,287	13,720	(807)	-	66,508
	54,432	13,720	(1,499)	1,554	68,207
Total restricted funds	54,423	38,654	(27,799)	(1,073)	64,205
Unrestricted funds					
Unrestricted funds	860	2,683	-	-	3,543
Total unrestricted funds	860	2,683	-	-	3,543
Total funds	55,283	41,337	(27,799)	(1,073)	67,748

*Other DfE/EFA grants includes receipts amounting to £100k (deferred from 2013/14) which is lead-in funding from the EFA for academy conversions of Churchwood Primary Academy, Hollington Primary Academy, Robsack Wood Primary Academy and Silverdale Primary Academy

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

Restricted General Funds:

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs

Other DfE/EFA grants - includes grants from LEA mainly for Early Years Education Entitlement for Nursey and High needs funding to fund further support for students with additional needs

Restricted Fixed Asset Funds

DfE / EFA capital grants - This represents amounts received from the EFA including Devolved Formula Capital (DFC) grant and MAT School Condition Allocation (SCA) DFC funding can be used for improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment and minor works in accordance with priorities set by the academies SCA is specifically to ensure that our academy buildings are kept in good condition and that all children can learn in a safe and effective environment Some of the funds remained unspent at the year end

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

18 Funds (continued)

Donated Tangible assets - this represents the buildings and equipment donated to the academies from the Local Authority on conversion to an academy

Transfers

Transfers represents assets, funded through GAG, transferring to the restricted fixed asset fund

Other Information

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows

	Total £000
The Baird Primary Academy	187
Churchwood Primary Academy	161
Dudley Infant Academy	3
Hollington Primary Academy	233
Robsack Wood Primary Academy	512
Silverdale Primary Academy	325
West St Leonards Primary Academy	314
The Hastings Academy	222
The St Leonards Academy	2,067
Central services	217
Total before fixed asset fund	4,241
Restricted fixed asset fund	68,207
Pension reserve	(4,700)
Total	67,748

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

18 Funds (continued)

Analysis of academies to costs.

Expenditure (excluding depreciation) incurred by each academy during one year was as follows

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total £000
The Baird Primary Academy	1,160	164	68	473	1,865
Churchwood Primary Academy	891	106	49	299	1,345
Dudley Infant Academy	567	85	36	234	922
Hollington Primary Academy	1,361	144	57	338	1,900
Robsack Wood Primary Academy	1,501	218	58	295	2,072
Silverdale Primary Academy	886	131	26	356	1,399
West St Leonards Primary Academy	1,244	186	72	425	1,927
The Hastings Academy	3,617	479	136	1,193	5,425
The St Leonards Academy	5,345	585	267	1,478	7,675
Central services	342	962	37	429	1,771
	16,915	3,059	806	5,520	26,300

19 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by

	Unrestricted funds £000	Restricted General funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	68,207	68,207
Current assets	5,189	1,046	-	6,235
Current liabilities	(1,646)	(348)	-	(1,994)
Pension scheme liability	-	(4,700)	-	(4,700)
Total net assets	3,543	(4,002)	68,207	67,748

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

20 Financial commitments

Operating leases

At 31 August 2015 the trust had annual commitments under non-cancellable operating leases as follows

	2015	2014
	£000	£000
Other		
Expiring within one year	10	149
Expiring within two and five years inclusive	108	142
Expiring in over five years	-	-
	<u>118</u>	<u>291</u>

Includes operating leases for iPads in the current year

21 Reconciliation of net income to net cash inflow from operating activities

	2015	2014
	£000	£000
Net income	13,538	5,877
Less gifted assets	(13,720)	(6,674)
Depreciation (note 14)	1,499	1,483
Capital grants from DfE and other capital income	-	(97)
Interest receivable	(21)	(19)
FRS 17 pension cost less contributions payable (note 26)	407	123
FRS 17 pension finance income (note 26)	(2)	(49)
(Increase)/decrease in debtors	(107)	159
Increase/(decrease) in creditors	135	73
Net cash provided by / (used in) operating activities	<u>1,729</u>	<u>876</u>

22 Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	21	19
Net cash inflow from returns on investment and servicing of finance	<u>21</u>	<u>19</u>

23 Capital expenditure and financial investment

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(20)	(124)
Capital grants from DfE/EFA	-	97
Net cash outflow from capital expenditure and financial investment	<u>(20)</u>	<u>(27)</u>

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

24 Analysis of changes in net funds

	At 1 September 2014 £000	Cashflows £000	At 31 August 2015 £000
Cash in hand and at bank	3,783	1,730	5,513
	<u>3,783</u>	<u>1,730</u>	<u>5,513</u>

25 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

26 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 2012 and of the LGPS 31 August 2013

Contributions amounting to £161,023 (2014 £236,591) were payable to the schemes at 31 August 2014 and are included within creditors

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014 Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out

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

Valuation of the Teachers' Pension Scheme

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

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

26 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are

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

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

The pension costs paid to TPS in the period amounted to £1,273,528.95 (2014: £949,880).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2015 was £1,212,988 (2014: £671,727), of which employer's contributions totalled £924,483 (2014: £385,021) and employees' contributions totalled £288,506 (2014: £927,090). The agreed contribution rates for future years are 19.1 per cent for employers and between 5.5% and 9.9% for employees.

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

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.

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

26 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.60%	4.50%
Rate of increase for pensions in payment/inflation	2.70%	2.70%
Discount rate for scheme liabilities	3.80%	3.70%
Inflation assumption (CPI)	RPI - 0.9%	RPI - 0.8%
Commutation of pensions to lump sums		
Pre April 2008 service	50.00%	50.00%
Post April 2008 service	75.00%	75.00%

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 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.2	24.2
Females	26.7	26.7

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £000	Expected return at 31 August 2014	Fair value at 31 August 2014 £000
Equities				
Bonds	3.80%	6,394	6.40%	4,357
Property	3.80%	1,441	3.50%	559
Cash	3.80%	990	4.50%	559
Total market value of assets	3.80%	180	3.30%	112
		<u>9,005</u>		<u>5,587</u>
Present value of scheme liabilities				
Funded		(13,705)		(8,809)
Deficit in the scheme		<u>(4,700)</u>		<u>(3,222)</u>

The actual return on scheme assets was £263,000 (2014 £178,000)

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2015	2014
	£000	£000
Current service cost (net of employee contributions)	1334	635
Past service cost	-	-
Total operating charge	1334	635

Analysis of pension finance income/ (costs)

	2015	2014
	£000	£000
Expected return on pension scheme assets	(454)	(301)
Interest on pension liabilities	452	252
Pension finance income/(costs)	(2)	(49)

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 £3,609,000 loss (2014 £2,536,000 loss)

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

	2015	2014
	£000	£000
At 1 September	8,809	5,114
Current service cost	1,334	635
Interest cost	452	252
Employee contributions	291	166
Actuarial (gain)/loss	(221)	1,643
Benefits paid	(47)	(38)
Liabilities Assumed in a Business Combination	3,087	1,037
Losses (gains) on Curtailments	0	0
At 31 August	13,705	8,809

Movements in the fair value of trust's share of scheme assets were as follows

	2015	2014
	£000	£000
At 1 September	5,587	4,035
Expected return on assets	454	301
Actuarial gain/(loss)	(190)	(141)
Employer contributions	927	512
Employee contributions	291	166
Benefits paid	(47)	(38)
Assets Acquired in a Business Combination	1,983	752
At 31 August	9,005	5,587

The estimated value of employer contributions for the year ended 31 August 2016 is £993,000

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

26 Pension and similar obligations (continued)

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

	2015 £000	2014 £000	2013 £000	2012 £000
Present value of defined benefit obligations	(13,705)	(8,809)	(5,114)	(3,807)
Fair value of share of scheme assets	9,005	5,587	4,035	3,071
Deficit in the scheme	(4,700)	(3,222)	(1,079)	(736)
Experience adjustments on share of scheme assets:				
Amount £000	(190)	(141)	303	9
Experience adjustments on scheme liabilities:				
Amount £000	(221)	1,643	618	161

27 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. Since incorporation the Trust has had three sponsors, the University of Brighton, East Sussex County Council and British Telecom.

The University of Brighton is the lead sponsor of the Trust and provides managerial and administrative support to enable the Trust to achieve its objectives. Several members of the Trust's Senior Management Team (Chief Executive, Director of Policy and Governance, Director of Operational Services and Director of School Improvement) and two members of administrative staff supporting the Trust's work have contracts of employment with the University of Brighton, a proportion of their salary costs are re-charged to the Trust (£293,770).

The Trust rented University managed accommodation for student teachers (£35,600). Payments have been made for training (£1,920), printing (£440) and contributions to primary school sports premium day (£300) and target dance project (£50). Total payments made to the University during the year amounted to £332,080 (2014 £132,177). £34,305 was outstanding at 31 August 2015.

The Chief Executive only receives remuneration in respect of services they provide undertaking the role of Chief Executive under their contract of employment and not in respect of their role as trustee. The value of trustees' remuneration was as follows -

P Griffiths (Chief Executive and trustee)

Remuneration	£95,000 - £100,000 (2014 £95,000 - £100,000)
Employers pension contributions	£10,000-£15,000 (2014 £10,000-£15,000)

In addition income from the University of Brighton has been received during the year to cover some specific costs within the Trust

• Contribution (via DfE sponsorship capacity fund) for additional HR resource	£17,000
• Income for student Teachers/ mentorship fees	£37,451
• Reimbursement of staff costs as a member of staff	£ 7,160
Total income received	£61,611

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

East Sussex County Council (ESCC) is a co-sponsor of the Trust. ESCC provides a variety of services to schools and academies within East Sussex. The academies within the Trust purchase a variety of these services from ESCC at cost. Negotiations are held with ESCC annually on behalf of the whole Trust. In relation to 2014/15 services, negotiations took place in September and October 2014. The Trust explicitly asked ESCC to identify reduced prices in recognition of its purchase of services simultaneously for multiple academies. Some services have been moved to alternative suppliers where possible.

Services purchased include facilities management, human resources (payroll, occupational health, union and staff counselling), catering, internal audit, legal and professional, ICT systems support, and educational support including standards and learning effectiveness services.

Payments made to East Sussex County Council during the year amounted to £1,221,218 (2014 £684,613) for the provision of support services, £483,464 related to the secondary academies and £733,062 related to the primary academies within the Trust. There was £300,725 (2014 £193,655) outstanding at the year end (£54,498 relating to the secondary academies and £246,227 relating to the primary academies). Like all academies in East Sussex the Trust commissioned pension valuation reports from the pension actuary via ESCC. These reports amounted to £4,692 of this £1,200 related to the initial valuation for the four primary academies who joined the trust during the financial year.

Additional Income amounting to £157,413 (excluding specific grants which all academies and school receive from the Dedicated Schools Grant) has been received during the year as follows -

	£
Expansion grants to increase nursery provision in-year	26,452
Reimbursement of building works/refurbishment costs	28,702
Looked After Children (LAC) funds received on a bid basis for LAC	4,840
Behaviour and Attendance Support (Nurture project improving access to education)	10,500
Children Centre (reimbursement of shared costs)	3,169
Thrive (ESCC early years intervention project) donation	1,000
Education Improvement Partnership (best practice initiative grant)	82,400
Training cover	350
Total income received	<u>157,413</u>

28 Conversion to an Academy Trust

During the year four primary schools converted to an academy status under the Academies Trust Act 2010. These conversions took place on 1 September 2014 for Churchwood Primary School, Hollington Primary School and Robsack Wood. Silverdale Primary School converted on 1 February 2015. All the operations and assets and liabilities were transferred to Hastings Academies Trust from 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 fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income resources in the Statement of Financial Activities (SOFA) as Voluntary income.

Hastings Academies Trust

Notes to the Financial Statements for the period ended 31 August 2015 (continued)

28 Conversion to an Academy Trust (continued)

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Churchwood Primary Academy				
Tangible fixed assets				
Leasehold land and building			2,473	2,473
Budget Surplus on LA Funds	254			254
LGPS pension deficit		(69)		(69)
Net Assets	254	(69)	2,473	2,658
	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Hollington Primary Academy				
Tangible fixed assets				
Leasehold land and building			4,584	4,584
Budget Surplus on LA Funds	145			145
LGPS pension deficit		(74)		(74)
Net Assets	145	(74)	4,584	4,655
	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Robsack Wood Primary Academy				
Tangible fixed assets				
Leasehold land and building			2,790	2,790
Budget Surplus on LA Funds	457			457
LGPS pension deficit		(121)		(121)
Net Assets	457	(121)	2,790	3,126
	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Silverdale Primary Academy				
Tangible fixed assets				
Leasehold land and building			3,873	3,873
Budget Surplus on LA Funds	331			331
LGPS pension deficit		(212)		(212)
Net Assets	331	(212)	3,873	3,992
Total	1,187	(476)	13,720	14,431