

**Hastings Academies Trust (formerly University of Brighton
Academies Trust)**

(A Company Limited by Guarantee)

**Trustees' Strategic Report and Audited Financial
Statements**

Year ended 31 August 2017



Company Registration Number: 09466013 (England and Wales)

Hastings Academies Trust (formerly University of Brighton Academies Trust)

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Hastings Academies Trust (formerly University of Brighton Academies Trust)

Reference and Administrative Details

Members:

Professor Christopher Pole
Paul Griffiths (to 31/12/16)
Jill Elizabeth Gray
Gavin Wright (from 17/3/17)

Directors (Trustees):

Jill Elizabeth Gray
Lorraine Harrison
Christopher Kirkness (appointed 7/11/17)
Professor Christopher Pole (Chair)
Jacqueline Reid (resigned 31/7/17)
Dr John Smith (Interim Chief Executive and
Accounting Officer) (appointed 1/1/17)
Janey Walker
Michael Brand (resigned 21/7/17)
Elizabeth Davis (resigned 4/11/16)
Paul Griffiths (Chief Executive and
Accounting Officer) (resigned 31/12/16)
Kevin Mannall (resigned 18/1/17)

Company Secretary:

Samantha Coates

Senior Management Team:

Chief Executive

Paul Griffiths (to 31/12/16) and
Dr John Smith (from 1/1/17 [Interim])
Vanessa Norris
Samantha Coates
Helen Howard

Director of Operational Services
Director of Planning, Policy and Governance
Director of School Improvement

Principals (Officers of the Trust):

The Burgess Hill Academy
Blackthorns Community Primary Academy
Desmond Anderson Primary Academy
Holmbush Primary Academy
Lindfield Primary Academy
Pound Hill Infant Academy

Jon Francies
Marianne Brand
Krista Elledge
Rebecca Jackson
Marcus Still
Julie Knock

Finance and Business Services Director:

Sandra Bartlett

Company Name:

Hastings Academies Trust (formerly
University of Brighton Academies Trust)

Principal and Registered Office:

Multi-Academy Trust Office
University of Brighton
Room WHSR1, Watts House
Moulsecoomb Campus
Lewes Road
Brighton
BN2 4GJ

Company Registration Number:

09466013

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Independent Auditor:

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Bankers:

Lloyds Bank plc
17 Wellington Place
Hastings
TN34 1NX

Solicitors:

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Trustees' Report for the year ended 31 August 2017

Introduction

The Trustees present their annual report together with the financial statements and Auditor's Report of the Hastings Academies Trust (formerly University of Brighton Academies Trust)¹ for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Hastings Academies Trust (formerly University of Brighton Academies Trust) has been established for the purpose of advancing education in the United Kingdom for the public benefit. The Trust operates six academies in Sussex as follows:

Academy	Phase	Date joined	Type	Capacity	Number on roll in 2016/17 (Oct 2016 census)
The Burgess Hill Academy	Secondary	September 2016	Sponsored	1,200	770
Blackthorns Community Primary Academy	Primary	April 2015	Converter	210 (inc. SEN Facility of 8)	240
Desmond Anderson Primary Academy	Primary	February 2017	Converter	420 (inc. SEN Facility of 18)	379 (with nursery 434)
Holmbush Primary Academy	Primary	April 2015	Converter	210	205 (with nursery 214)
Lindfield Primary Academy	Primary	September 2015	Converter	630	563
Pound Hill Infant Academy	Infant	September 2015	Converter	270	270
Total				2,940	2,427
With nursery					2,491

Desmond Anderson and Holmbush primary academies operate a nursery from their academies.

The number of pupils at Desmond Anderson and Lindfield primary academies are increasing incrementally, following increases to their published admissions number in 2014 and 2013 respectively.

Structure, Governance and Management

Constitution

The 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 of the charitable company for the purposes of Company Law. The University of Brighton is the sponsor of the Trust.

¹ The University of Brighton Academies Trust changed its name to Hastings Academies Trust on 1 September 2017. All references to Hastings Academies Trust in this document are referring the company known as University of Brighton Academies Trust until 1 September 2017. For ease of reference the term 'Trust' is normally used when referring to Hastings Academies Trust (formerly University of Brighton Academies Trust).

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Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section above.

Members' Liability

Each member of the University of Brighton 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.

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

In accordance with the Trust's Articles of Association, the University of Brighton, as sponsor, may appoint up to six Sponsor Trustees. The University may also appoint up to one School Sector Trustee taking into account nominees of potential School Sector Trustees notified by the Trust's Local Governing Bodies. The Chief Executive is also a Trustee. Up to five chairs of the Trust's local governing bodies can be appointed as Academy Trustees.

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 currently has one committee which is the Resources & Audit Committee, which meets at least 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. An Education Advisory Group advises the Board on education and standards related matters.

The Trust has also established a Local Governing Body for each academy. Each academy's Local Governing Body includes up to two members who are parents of pupils in the academy, who are elected by parent of pupils in the academy. A further member of each Local Governing Body is a member of staff of the academy, who is elected by staff in the 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.

During 2016/17, a major review of the Trust's governance structure was undertaken to be implemented from 1/9/17, which was completed in conjunction with a proposal to merge the University of Brighton Academies Trust and the Hastings Academies Trust. The aims of the review were to maximise efficiencies and minimise duplication; provide absolute clarity regarding accountability; ensure complete transparency in roles and responsibilities; promote the principle of shared responsibility for the outcomes of all children and young people; ensure that governance structures reflect the flexibility of executive structures; ensure that colleagues contributing to the governance of the trust are highly skilled and experienced; consider the ways in which the

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governance structure can more strongly link to the academies' local communities; and improve communications across the trust.

Under the revised arrangements, the Board of Trustees will be supported by four specialist committees (Education & Standards; Finance & Resources; Risk & Audit; and Remuneration & HR), a Local Board for each academy or group of academies (with responsibilities including the academy's vision & strategic plan, community engagement and pupil wellbeing) and a formally constituted Chairs Forum (comprising trustees and local board chairs).

The Trust is managed by the Chief Executive together with a senior management team and central support staff. The senior management team comprises the Chief Executive, the Director of Planning, Policy and Governance, the Director of Operational Services, the Director of School Improvement and the 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.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel (members of the Executive Team and Academy Principals) is set by the Board of Trustees, and is in accordance with the Trust's Senior Staff Pay and Appraisal Policy.

Related Parties and other Connected Charities and Organisations

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

Several members of the Trust's Senior Management Team (Chief Executive, Director of Planning, Policy and Governance, Director of Operational Services and Director of School Improvement) and one member 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).

The University of Brighton is also the lead sponsor of a second multi academy trust comprised of two secondary and seven primary/infant academies in Hastings and St Leonards. This Trust was originally named Hastings Academies Trust and changed its name to University of Brighton Academies Trust on 1/9/17. The two trusts have a shared executive management team (specifically, Chief Executive, Director of Planning, Policy and Governance, Director of Operational Services and Director of School Improvement). The University of Brighton Academies Trust (formerly Hastings Academies Trust) provides the central support services at cost price to the Hastings Academies Trust (formerly University of Brighton Academies Trust). There are shared school improvement and professional development activities across the two trusts.

During the 2016/17 year, the Trustees of the two Trusts resolved to merge to become a single multi academy trust. This was effected by the academies comprising the Hastings Academies Trust (formerly University of Brighton Academies Trust) transferring to the University of Brighton Academies Trust (formerly Hastings Academies Trust) with effect from 1/9/17. The names of the two trusts swapped on the same date.

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 schools offering a broad and balanced curriculum"

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The Trust's overall aim is to transform teaching and learning for the mutual benefit of pupils, academies and their staff, and local communities.

Objectives, Strategies and Activities

The Trust's objectives are:

- 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 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 school improvement strategy is based on challenge and support, collaboration, 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 Lead Principals and Expert Practitioners; and (iv) developing and monitoring the trust's annual strategic improvement plans. A strong school improvement workforce is being 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 strategy for the development and implementation of its vision is based upon the capacities of the University 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, ICT, marketing and governance.

During 2016/17, as part of the proposal to merge the University of Brighton Academies Trust and Hastings Academies Trust, the trusts' values, vision and mission were reviewed and refreshed, ready for the launch of the merged trust from 1/9/17.

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.

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

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- to raise educational standards by adding value through innovation 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 academies, where practicable, for education, training, health, fitness and recreation.

Strategic Report

Key Educational Performance Indicators

Progress and attainment

Secondary academy

In 2016/17 the provisional Attainment 8 score for The Burgess Hill Academy was 48, which is above national averages, and 69% of students achieved grade 4 or above in the new reformed GCSEs in English Language/English Literature and mathematics. The academy's provisional Progress 8 score was -0.08. Over 20% of students achieved A* or A grades in GCSEs.

The academy was above the government's floor measure.

Primary academies

Key Stage 2

Nationally, 60.9% of pupils reached the expected standard in reading, writing and mathematics combined (the government's floor measure is 65%). The percentage reaching the expected standard in reading, writing and maths in each primary academy in the Trust is set out below.

Blackthorns	Desmond Anderson	Holmbush	Lindfield
77.4	54.2	46.2	63.0

There is also a progress measure for each academy, which is based on national progress rates from key stage 1 outcomes. The progress in each primary academy in the Trust is set out below: (↑ = Above Floor measure).

Progress	Floor target	Blackthorns		Desmond Anderson		Holmbush		Lindfield	
Reading	-5.0	1.0	↑	-3.9	↑	-2.2	↑	2.5	↑
Writing	-7.0	0.3	↑	-1.7	↑	-0.9	↑	-0.3	↑
Maths	-5.0	0.9	↑	-3.7	↑	-0.5	↑	0.1	↑

All academies were above the government's floor measure, and there is a general rising trend of attainment and progress. An increasing number of academies were close to, at or above national averages in individual subjects.

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Key Stage 1

In the phonics screening check, academies improved or maintained the proportion of pupils who reached the expected standard at the end of Year 1:

National (2017)	Blackthorns	Desmond Anderson	Holmbush	Lindfield	Pound Hill
81	87	83	73	96	74

There is a rising trend of improvement in the percentage of pupils who reached the expected standard in reading, writing and maths by the end of key stage 1:

	National (2017)	Blackthorns	Desmond Anderson	Holmbush	Lindfield	Pound Hill
Reading	75.5	83	61	72	87	86
Writing	68.2	83	52	72	74	67
Maths	75.1	90	61	69	86	76

Early Years Foundation Stage

The proportion of pupils who reached a Good level of Development (GLD) in the Early Years Foundation Stage was above the national average in all academies; EYFS is a strength in the trust:

National % (2017)	Blackthorns	Desmond Anderson	Holmbush	Lindfield	Pound Hill
70.7	83	74	76	74	70

Pupil/student recruitment

In relation to the recruitment Reception Year pupils to the Trust's academies (for September 2017 entry), the number of applications received from parents increased on 2016 numbers, as have first choice preferences. All primary/infant academies are oversubscribed, with waiting lists. Recruitment of Year 7 students at The Burgess Hill Academy also increased, as did first choice preferences.

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.

High quality Newly Qualified Teachers are recruited from a range of Initial Teacher Training providers, in particular the University of Brighton.

The Trust is strongly committed to providing high quality professional and career development opportunities for its staff, and a range of cross-Trust professional development programmes were offered to staff in academies during 2016/17 in order to further develop their skills and expertise. They included a bespoke leadership programme for new and aspiring middle leaders (eg heads of subject or heads of key stages); and formal recognition for a group of outstanding teachers as the trust's 'Lead Practitioners', who will lead coaching and support for other teachers.

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.

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

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programme has been in place throughout the year providing a comprehensive support and counselling 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.

With six academies now in the Trust, a number of financial indicators will be used in the future to assist 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 75.74% (75.18% in 2015/16) 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 £10.905 million (2015/16, 18 month period: £6.256 million) was received for the achievement of the academies' educational aims and objectives.

Included within grant income, Pupil Premium payments amounting to £0.295m (2015/16: £0.190 million) have been directly applied to the provision of additional support for disadvantaged pupils. This support has been tailored to the individual educational, emotional and developmental needs of these pupils. An additional sum of £11k (2015/16: Nil) for Year 7 students' literacy and numeracy catch up premium funding to support students who did not achieve the expected standard in reading and maths at the end of key stage 2 (KS2).

Additional funds of £149k (2015/16: £18k) have been generated from the letting of academy facilities for educational and community use.

The Local Government Pension Scheme (LGPS) deficit stands at £1.667million. Of this £0.569 million is the liability that transferred to the trust during the year when the two additional academies converted. Pension contributions for 2016/17 are all fully included in the agreed budgets for staffing and this liability does not create an additional cash burden. Parliament has agreed to a guarantee that, in the event of academy closure, outstanding LGPS liabilities will be met by the Department for Education. The guarantee came into force on 18 July 2013.

Reserves Policy

Academies are funded on a monthly basis by Department for Education (DfE) grants plus sponsorship from the University of Brighton and income fairly matches expenditure, with around 84.33% being spent on teaching and other staffing costs.

The Education and Skills Funding Agency (ESFA) 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 Trust developed a reserves policy during 2016/17 to ensure that sufficient funds are accumulated to enable school buildings to be maintained and equipment and ICT assets renewed

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when required in the foreseeable future, as well ensuring that there are additional funds for school improvement activity and a general reserve to cover any cash flow requirements.

Maintaining a level of reserves is essential as the academies have no recourse to any significant income streams other than DfE annual revenue and Condition Improvement Funding. Annual devolved capital funding is now very small at £11.25 per pupil for primary academies and £16.88 for secondary academies.

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 has been developed and approved.

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 and Skills Funding Agency and in line with recognised good practice.

The Trust's Resources and Audit Committee ensures 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.

A key risk relates to the reduction in government funding in current and 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 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 Trust's primary/infant pupil recruitment is strong, with academies popular and oversubscribed. A comprehensive marketing strategy has been developed to increase the number of students at its secondary academy, The Burgess Hill Academy.

Failure to secure or retain effective leadership and management, as well as potential threats to the quality of teaching remain key risks. The Trust has developed and implemented a leadership strategy which includes succession planning, as well as a peer review framework, alongside Professional Partner input and a framework for continuing professional development to aid retention and mitigate these risks.

The potential lack of success to gain capital funding as a result of annual bids for government Condition Improvement Funding for specific projects could compromise the ability to provide good quality learning and teaching and may not result in funding for large building replacement projects. The Trust has been successful in gaining funding for one of its primary academies in 2016/17 (for

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roof replacement and roof lights); however the application for funding for its secondary academy has not been successful to date. The Trust has a framework of Planned Preventative Maintenance to ensure effective maintenance of the estate.

In recognition of the need for effective and cost efficient finance to deliver improved decision making, during 2016/17 an external review of the Trust's financial management arrangements and procedures was commissioned. A series of recommendations for improvement are now being taken forward as part of a comprehensive change management programme.

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

Plans for Future Periods

The Trust has set ambitious targets for the academic attainment and progress of pupils/students attending the academies. These targets are measured against key indicators. In addition, improvement plans have been put in place to drive school improvement across the Trust. The Trust's Strategic Improvement Group, led by the Director of School Improvement, co-ordinates 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 improvement in the Trust's secondary academy during 2017/18 are to improve student progress and to address consistency of performance across the curriculum. The key priority for improvement in the Trust's primary academies during 2017/18 is to increase the percentage of pupils who reach the expected standard in reading, writing and maths combined at Key Stage 2. Central to achieving these priorities is to continue to improve the quality of teaching and learning for all students/pupils.

The delivery of the aforementioned change management programme to enhance the Trust's financial management arrangements and procedures will be a key priority for the forthcoming year, as will be the development of a Medium Term Financial Plan, taking account of the outcomes of the National Funding Formula.

The overarching 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.

The redevelopment of the Trust's values, vision and mission undertaken in 2016/17 provides the basis for the development of a new strategic business plan, which is intended to support the achievement of an agreed set of overarching objectives for the next five years by translating the vision into strategy and then into action.

The recruitment and retention of high quality staff are key to achieving these academic targets and plans, and it is the intention to develop a comprehensive recruitment and retention strategy during 2017/18. The Trust will continue to implement its 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 sponsors, the University of Brighton.

Auditor

Insofar as the Trustees are aware:

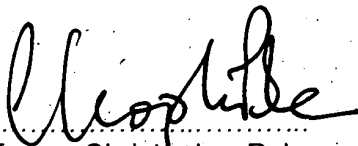
- There is no relevant audit information of which the Trust's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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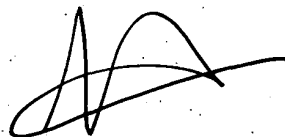
During the year Wilkins Kennedy were appointed as the auditors of the Trust.

A resolution proposing that Wilkins Kennedy LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees as the Company Directors on 14 December 2017 and signed on the Board's behalf by:



Professor Christopher Pole
Chair



Dr John Smith
Interim Chief Executive and Accounting Officer

Governance Statement for the year ended 31 August 2017

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Hastings Academies Trust (formerly University of Brighton 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 (formerly University of Brighton 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 six times during the 2016/17 year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Michael Brand (resigned 21/7/17)	4	6
Elizabeth Davis (resigned 4/11/16)	1	1
Jill Elizabeth Gray	6	6
Paul Griffiths (Chief Executive and Accounting Officer) (resigned 31/12/16)	2	3
Lorraine Harrison	6	6
Christopher Kirkness (appointed 7/11/16)	3	5
Kevin Mannall (resigned 18/1/17)	3	3
Professor Christopher Pole (Chair)	6	6
Jacqueline Reid	4	6
Dr John Smith (Interim Chief Executive and Accounting Officer) (appointed 1/1/17)	3	3
Janey Walker	6	6

During the 2016/17 year, the Trustees of the Hastings Academies Trust (formerly University of Brighton Academies Trust) and the University of Brighton Academies Trust (formerly Hastings Academies Trust) resolved to merge to become a single multi academy trust. This was effected by the academies comprising the Hastings Academies Trust (formerly University of Brighton Academies Trust) transferring to the University of Brighton Academies Trust (formerly Hastings Academies Trust) with effect from 1/9/17. The names of the two trusts swapped on the same date.

Consequently, with effect from 1/9/17, there are no academies within the Trust and in due course, (and following a period of three months of dormancy), the Hastings Academies Trust (formerly University of Brighton Academies Trust) will be struck off as a company. Several of the Trustees joined the Board of Trustees of the University of Brighton Academies Trust (formerly Hastings Academies Trust) on 1/9/17.

The Resources and Audit Committee is a sub-committee of the Board of Trustees. Its purpose from a resources perspective is to assist the decision making of the Board of Trustees, by enabling

Hastings Academies Trust (formerly University of Brighton Academies Trust)

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 committee's purpose from an audit perspective is to ensure that the operation of the Trust is underpinned by sound internal financial control and risk management arrangements. The Resources and Audit Committee met five times during 2016/17. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Jill Elizabeth Gray (Chair)	5	5
Paul Griffiths (for Resources items) (Chief Executive and Accounting Officer) (resigned 31/12/16)	1	2
Christopher Kirkness (appointed 7/11/16)	5	5
Dr John Smith (for Resources items) Interim Chief Executive and Accounting Officer) (appointed 1/1/17)	3	3

Review of Value for Money

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

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:

- Undertaking the merger of the University of Brighton Academies Trust and the Hastings Academies Trust with effect from 1/9/17 (both trusts are led by the same sponsor, the University of Brighton; there are existing shared management and central support services and a shared school improvement strategy). There are a number of benefits of merging the two trusts; which include: (i) the opportunity to collaboratively develop a clear vision and mission for the trusts; (ii) a more efficient governance model (which avoids duplicate Boards of Directors and Sub-Committees); (iii) reduced statutory reporting requirements (including annual accounts, ESFA returns and Companies House returns); (iv) the establishment of a single central management budget will reduce the need for inter-trust financial processing and preparation of separate budgets; and provide more opportunity for financial investments; (v) increased purchasing power, and a reduction in the number of individual contracts, thereby increasing value for money; (vi) the opportunity to develop a more coherent marketing and communications strategy (internal and external); (vii) the opportunity to free capacity of existing members of staff to focus on their core responsibilities and take forward other areas of work essential to future developments; and (viii) maximisation of school improvement capacity across the trusts.
- Relatedly, undertaking a review of the two trusts' governance arrangements, to be implemented from 1/9/17, which will realise a number of benefits, including: (i) the opportunity to minimise and remove duplication (and thereby free capacity) between governance and the executive, and between the different levels of governance; (ii) provision of greater clarity about roles and responsibilities; (iii) removal of the dual accountability of principals; (iv) reduced complexity of the governance structure, which in turn facilitates more effective / decisive / rapid

Hastings Academies Trust (formerly University of Brighton Academies Trust)

decision making; and (v) the opportunity to strengthen and improve links with local communities.

- Providing opportunities for the Trust's most senior leaders to impact on improvements in other Trust academies; for example, the Principal of Blackthorns Community Primary Academy has provided leadership support to Desmond Anderson Primary Academy. This has provided opportunities for sharing good practice and staff expertise, promoting consistency and establishing robust systems and protocols.
- Continuing to maximise 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.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of 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 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the Resources and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has appointed East Sussex County Council to provide internal audit support. This role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The Audit & Resources Committee received reports on the operation of the systems of control from the internal auditors during the financial year; for example, a report of an audit of the Accounts Receivable System was received and considered in autumn 2016. As a result of this work the auditor was able to provide minimal assurance over the key controls in place within the accounts receivable system. Although the audit did show some good practice at academies across the

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Trust, particularly where academies had made good use of online payments systems, there were still a number of issues that needed to be resolved to ensure robust controls are in place to protect income received and ensure income is accurately recorded in the financial accounts. An action plan has been put in place to ensure that these improvements are made. The internal audit service was delivered to the specification provided.

During 2016/17 Deloitte was commissioned to undertake a review of the Trust's financial management arrangements and procedures; the recommendations arising from this are now being implemented in a comprehensive change management project (18 months). A new single central bank account has been established, and the Trust's finance system has been updated: this will improve the quality and timeliness of financial monitoring information to inform strategic decisions.

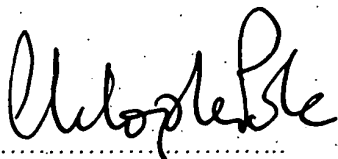
Review of Effectiveness

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.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources and 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 on 14 December 2017 and signed on its behalf by:



Professor Christopher Pole
Chair

Statement on Regularity, Propriety and Compliance for the year ended 31 August 2017

As Accounting Officer of the Hastings Academies Trust (formerly University of Brighton Academies Trust) I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Hastings Academies Trust (formerly University of Brighton Academies Trust) and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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 ESFA.



Dr J Smith
Interim Accounting Officer

Statement of Trustees' Responsibilities for the year ended 31 August 2017

The Trustees (who act as trustees for the Hastings Academies Trust [formerly University of Brighton Academies Trust] and are also the directors of the Hastings Academies Trust [formerly University of Brighton 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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:

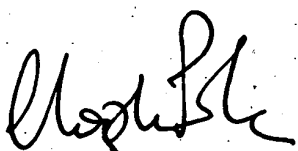
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Trustees on 14 December 2017 and signed on its behalf by:



Professor Christopher Pole
Chair



Dr John Smith
Interim Chief Executive and Accounting Officer

Independent Auditor's Report to the Members of Hastings Academies Trust (formerly University of Brighton Academies Trust)

Opinion

We have audited the financial statements of Hastings Academies Trust (formerly University of Brighton Academies Trust) (the 'Academy Trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors (trustees) have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors (trustees) are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Hastings Academies Trust (formerly University of Brighton Academies Trust)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors (trustees)

As explained more fully in the Statement of Trustees' Responsibilities, the Directors (trustees) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors (trustees) determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors (trustees) are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors (trustees) either intend to liquidate the Academy Trust, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

Hastings Academies Trust (formerly University of Brighton Academies Trust)

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Wilkins Kennedy LLP

**Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP**

18/12/17

**Statutory Auditor
Chartered Accountants**

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Independent Reporting Accountant's Assurance Report on Regularity to Hastings Academies Trust (formerly University of Brighton Academies Trust) and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 26 May 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hastings Academies Trust (formerly University of Brighton Academies Trust) during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Hastings Academies Trust (formerly University of Brighton Academies Trust)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hastings Academies Trust (formerly University of Brighton Academies Trust)'s funding agreement with the Secretary of State for Education dated 20 March 2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Wilkins Kennedy LLP

Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP

18/12/17

Statutory Auditor
Chartered Accountants

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Statement of Financial Activities for the year ended 31 August 2017 Including Income and Expenditure Account

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	82	-	411	493	1,034
Donations - transfer from local authority on conversion	26	189	(569)	21,341	20,961	13,107
Charitable activities:						
- Funding for educational operations	4	-	10,818	-	10,818	6,656
- Funding for teaching school	25	-	487	-	487	-
Other trading activities	5	362	192	-	554	22
Investments	6	1	-	-	1	1
Total income and endowments		634	10,928	21,945	33,314	20,820
Expenditure on:						
Charitable activities:						
- Educational operations	8	206	12,251	168	12,625	7,982
- Teaching School	25	-	487	-	487	-
Total expenditure	7	206	12,738	168	13,112	7,982
Net income/(expenditure)		428	(1,810)	21,584	20,202	12,838
Transfers between funds		(497)	902	(405)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	414	-	414	(306)
Net movement in funds		(69)	(494)	21,179	20,616	12,532
Reconciliation of funds						
Total funds brought forward		250	(1,173)	13,455	12,532	-
Total funds carried forward		181	(1,667)	34,634	33,148	12,532

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Statement of Financial Activities for the year ended 31 August 2017 (continued)
Including Income and Expenditure Account

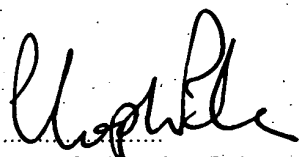
Comparative information ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2016 £'000
Income and endowments from:					
Donations and capital grants	3	78	956	-	1,034
Donations - transfer from local authority on conversion	26	325	(753)	13,535	13,107
Charitable activities:					
- Funding for educational operations	4	31	6,625	-	6,656
Other trading activities	5	22	-	-	22
Investments	6	-	1	-	1
Total income and endowments		<u>456</u>	<u>6,829</u>	<u>13,535</u>	<u>20,820</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	139	7,763	80	7,982
Total expenditure	7	<u>139</u>	<u>7,763</u>	<u>80</u>	<u>7,982</u>
Net income/(expenditure)		317	(934)	13,455	12,838
Transfers between funds		(67)	67	-	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	20	-	(306)	-	(306)
Net movement in funds		250	(1,173)	13,455	12,532
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>250</u>	<u>(1,173)</u>	<u>13,455</u>	<u>12,532</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

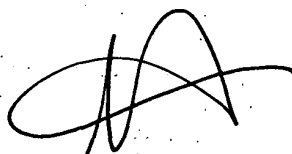
Balance sheet as at 31 August 2017

		2017	2016
	Notes	£'000	£'000
Fixed assets			
Tangible assets	12	34,634	13,455
Current assets			
Stocks	13	3	-
Debtors	14	489	388
Cash at bank and in hand		1,694	1,315
		2,186	1,703
Current liabilities			
Creditors: amounts falling due within one year	15	(2,005)	(1,453)
Net current assets		181	250
Net assets excluding pension liability		34,815	13,705
Defined benefit pension liability	20	(1,667)	(1,173)
Net assets		33,148	12,532
Funds of the academy trust:			
Restricted funds	18		
- Fixed asset funds		34,634	13,455
- Pension reserve		(1,667)	(1,173)
Total restricted funds		32,967	12,282
Unrestricted income funds	18	181	250
Total funds		33,148	12,532

The financial statements set out on pages 27 to 55 were approved by the board of trustees and authorised for issue on 14 December 2017 and are signed on its behalf by:



Professor Christopher Pole
Chair



Dr John Smith
Interim Chief Executive and Accounting Officer
Company Number 09466013

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	(216)	811
Cash funds transferred on conversion		189	325
		(27)	1,136
Cash flows from investing activities			
Dividends, interest and rents from investments		1	1
Capital grants from DfE and ESFA		411	178
Payments to acquire tangible fixed assets		(6)	-
		406	179
Change in cash and cash equivalents in the reporting period		379	1,315
Cash and cash equivalents at 1 September 2016		1,315	-
Cash and cash equivalents at 31 August 2017		1,694	1,315

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017

1 Accounting policies

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

1.1 Basis of preparation

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

Hastings Academies Trust (formerly University of Brighton Academies Trust) meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Desmond Anderson Primary and The Burgess Hill Academy to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

1.4 Income

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

Grants receivable

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

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

Charitable activities

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

Governance costs

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

1.6 Tangible fixed assets and depreciation

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. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	Buildings 125 years (Shorter of 125 years or length of lease); Land is not depreciated
Computer equipment	3 - 10 years

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.

1.7 Liabilities

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

1.8 Leasing commitments

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

1.9 Financial instruments

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

Financial assets

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

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

Financial liabilities

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

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

1.10 Stock

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

1.11 Taxation

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

1.12 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Directors (Trustees).

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	411	411	178
Other donations	82	-	82	856
	<u>82</u>	<u>411</u>	<u>493</u>	<u>1,034</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	9,015	9,015	5,159
Start up grants	-	175	175	100
Other DfE / ESFA grants	-	685	685	927
	<u>-</u>	<u>9,875</u>	<u>9,875</u>	<u>6,186</u>
Other government grants				
Local authority grants	-	470	470	124
Special educational projects	-	132	132	-
	<u>-</u>	<u>602</u>	<u>602</u>	<u>124</u>
Other funds				
Other incoming resources	-	341	341	346
	<u>-</u>	<u>341</u>	<u>341</u>	<u>346</u>
Total funding	<u>-</u>	<u>10,818</u>	<u>10,818</u>	<u>6,656</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	150	-	150	22
Catering income	161	-	161	-
Teaching School	-	106	106	-
Other income	51	86	137	-
	<u>362</u>	<u>192</u>	<u>554</u>	<u>22</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	1	-	1	1

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	7,565	167	357	8,089	5,065
- Allocated support costs	2,279	1,126	1,131	4,536	2,917
Teaching School					
- Direct costs	244	-	184	428	-
- Allocated support costs	40	2	17	59	-
	10,104	1,295	1,689	13,112	7,982

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	16	19
- Other services	3	-
Operating lease rentals	63	44
Depreciation of tangible fixed assets	168	80
Net interest on defined benefit pension liability	36	-

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 Services
- Leadership and Governance

The academy trust charges for these services on the following basis:

- 5% of ESFA grant income excluding pupil premium

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

7 Expenditure

The amounts charged during the year were as follows:

	Total £'000
Blackthorns Primary Academy	50
Holmbush Primary Academy	44
Lindfield Primary Academy	96
Pound Hill Infant Academy	55
Central Services	-
Desmond Anderson Primary Academy	49
The Burgess Hill Academy	242
	<u>536</u>

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	28	8,061	8,089	5,065
Direct costs - teaching school	-	428	428	-
Support costs - educational operations	178	4,358	4,536	2,917
Support costs - teaching school	-	59	59	-
	<u>206</u>	<u>12,906</u>	<u>13,112</u>	<u>7,982</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

8 Charitable activities

Analysis of costs	Teaching School £'000	Educational operations £'000	Total 2017 £'000	Total 2016 £'000
Direct costs				
Teaching and educational support staff costs	30	7,494	7,524	4,353
Staff development	214	71	285	-
Depreciation and amortisation	-	167	167	80
Educational supplies and services	-	186	186	-
Examination fees	-	50	50	-
Educational consultancy	184	76	260	-
Other direct costs	-	45	45	632
	<u>428</u>	<u>8,089</u>	<u>8,517</u>	<u>5,065</u>
Support costs				
Support staff costs	40	2,278	2,318	1,323
Depreciation and amortisation	-	1	1	-
Technology costs	2	270	272	213
Recruitment and support	-	57	57	-
Maintenance of premises and equipment	2	668	670	577
Cleaning	-	116	116	-
Energy costs	-	132	132	-
Rent and rates	-	95	95	-
Insurance	-	105	105	-
Security and transport	3	13	16	-
Catering	-	412	412	-
Finance costs	-	36	36	-
Other support costs	12	147	159	640
Governance costs	-	206	206	164
	<u>59</u>	<u>4,536</u>	<u>4,595</u>	<u>2,917</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

9 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	6,633	4,629
Social security costs	576	263
Operating costs of defined benefit pension schemes	1,529	114
Apprenticeship levy	10	-
Staff costs	8,748	5,006
Supply staff costs	900	496
Key Management staff	85	174
Staff restructuring costs	109	-
Staff development and other staff costs	286	-
Total staff expenditure	10,128	5,676

Staff numbers

The average number of persons, by headcount, employed by the academy trust during the year was as follows:

	2017 Number	2016 Number
Teachers	260	68
Administration and support	517	132
Management	10	8
	787	208

Higher paid staff

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

	2017 Number	2016 Number
£60,001- £70,000	9	3
£70,001-£80,000	3	1
£80,001-£90,000	1	-

Non Statutory / Non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £109k (2016: £Nil). Individually, the payments were: £26k, £19k, £15k, £14k, £13k, £12k, £6k & £4k.

Key management personnel

The key management personnel of the academy trust comprise the Directors (Trustees) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust is paid by our sponsor (refer to note 23 related party transactions) was £85k (18 Month period to 31 August 2016: £174k).

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

10 Trustees' remuneration and expenses

Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. During the year ended 31 August 2017 expenses totalling £277 (2016: £54) were reimbursed or paid directly to 1 trustee (2016: 2)

11 Directors (Trustees) and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Directors (Trustees) and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim. It is not possible to quantify the trustees' and officers' indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Land and buildings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 September 2016	13,535	-	13,535
Transfer on conversion	21,341	-	21,341
Additions	-	6	6
At 31 August 2017	34,876	6	34,882
Depreciation			
At 1 September 2016	80	-	80
Charge for the year	167	1	168
At 31 August 2017	247	1	248
Net book value			
At 31 August 2017	34,629	5	34,634
At 31 August 2016	13,455	-	13,455

Land valued at £11,407k is included within land and buildings and is not depreciated.

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

13	Stocks	2017	2016
		£'000	£'000
	Catering stock	3	-
		<u>3</u>	<u>-</u>
14	Debtors	2017	2016
		£'000	£'000
	Trade debtors	27	62
	VAT recoverable	134	75
	Other debtors	250	89
	Prepayments and accrued income	78	162
		<u>489</u>	<u>388</u>
15	Creditors: amounts falling due within one year	2017	2016
		£'000	£'000
	Trade creditors	35	12
	Other taxation and social security	156	67
	Other creditors	158	69
	Accruals and deferred income	1,656	1,305
		<u>2,005</u>	<u>1,453</u>
16	Deferred income	2017	2016
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	1,045	660
		<u>1,045</u>	<u>660</u>
	Deferred income at 1 September 2016	660	-
	Released from previous years	(660)	-
	Amounts deferred in the year	1,045	660
		<u>1,045</u>	<u>660</u>
	Deferred income at 31 August 2017	1,045	660
		<u>1,045</u>	<u>660</u>

At the Balance Sheet date the Trust was holding funds received in advance for UIFSM, Rates Relief, Pre School Opening grants, Sponsorship Capacity grant, Growth Fund, High Needs top up Funding, Early Years Advance and Regional grants for 2017/18 academic year.

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

17 Financial instruments

	2017 £'000	2016 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	411	226
Carrying amount of financial liabilities		
Measured at amortised cost	960	793

18 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	-	9,015	(9,917)	902	-
Start up grants	-	175	(175)	-	-
Other DfE / ESFA grants	-	685	(685)	-	-
Other government grants	-	602	(602)	-	-
Teaching School	-	487	(487)	-	-
Other restricted funds	-	533	(533)	-	-
	<u>-</u>	<u>11,497</u>	<u>(12,399)</u>	<u>902</u>	<u>-</u>
Funds excluding pensions	-	11,497	(12,399)	902	-
Pension reserve	(1,173)	(569)	(339)	414	(1,667)
	<u>(1,173)</u>	<u>10,928</u>	<u>(12,738)</u>	<u>1,316</u>	<u>(1,667)</u>
Restricted fixed asset funds					
Transferred on conversion	-	21,341	-	(21,341)	-
DfE / ESFA capital grants	-	411	-	(411)	-
General fixed assets	13,455	-	(168)	21,347	34,634
	<u>13,455</u>	<u>21,752</u>	<u>(168)</u>	<u>(405)</u>	<u>34,634</u>
Total restricted funds	<u>12,282</u>	<u>32,680</u>	<u>(12,906)</u>	<u>911</u>	<u>32,967</u>
Unrestricted funds					
General funds	250	634	(206)	(497)	181
	<u>250</u>	<u>634</u>	<u>(206)</u>	<u>(497)</u>	<u>181</u>
Total funds	<u>12,532</u>	<u>33,314</u>	<u>(13,112)</u>	<u>414</u>	<u>33,148</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

18 Funds

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

Restricted General Funds:

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

Start up grants - includes start up grants received from the ESFA.

Other DfE / ESFA grants - includes grants from the ESFA / DfE in relation to rates relief, pupil premium, UIFRS and Year 7 catch up.

Other government grants - includes grants from LEA mainly for Early Years Education Entitlement (EYEE) for Nursery and High needs funding to fund further support for students with additional needs.

Restricted Fixed Asset Funds:

DfE/ESFA capital grants - represents amounts received from the ESFA including Devolved formula capital (DFC) grant and MAT School Condition Allocation (SCA). DFC funding can be used for improvements and repairs to buildings and other facilities, including ICT or 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.

Transferred on conversions - this represents the buildings and equipment donated to the academies from the Local Authority on conversion to an academy.

Transfers

Transfers represent expenditure being funded from unrestricted funds and repairs and maintenance funded from capital grants.

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

18 Funds

Movements in funds - previous year

	Balance at 2 March 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	-	5,159	(5,226)	67	-
Start-up grants	-	100	(100)	-	-
Other DfE / ESFA grants	-	1,105	(1,105)	-	-
Other government grants	-	124	(124)	-	-
Other restricted funds	-	1,094	(1,094)	-	-
	<u>-</u>	<u>7,582</u>	<u>(7,649)</u>	<u>67</u>	<u>-</u>
Funds excluding pensions	-	7,582	(7,649)	67	-
Pension reserve	-	(753)	(114)	(306)	(1,173)
	<u>-</u>	<u>6,829</u>	<u>(7,763)</u>	<u>(239)</u>	<u>(1,173)</u>
Restricted fixed asset funds					
Transferred on conversion	-	13,535	(80)	-	13,455
	<u>-</u>	<u>13,535</u>	<u>(80)</u>	<u>-</u>	<u>13,455</u>
Total restricted funds	<u>-</u>	<u>20,364</u>	<u>(7,843)</u>	<u>(239)</u>	<u>12,282</u>
Unrestricted funds					
General funds	-	456	(139)	(67)	250
	<u>-</u>	<u>456</u>	<u>(139)</u>	<u>(67)</u>	<u>250</u>
Total funds	<u>-</u>	<u>20,820</u>	<u>(7,982)</u>	<u>(306)</u>	<u>12,532</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

18 Funds

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:		Total £'000
Blackthorns Primary Academy		146
Holmbush Primary Academy		56
Lindfield Primary Academy		66
Pound Hill Infant Academy		25
Central Services		
Desmond Anderson Primary Academy		65
The Burgess Hill Academy		(188)
Total before fixed assets fund and pension reserve		181
Restricted fixed asset fund		34,634
Pension reserve		(1,667)
Total funds		33,148

The Burgess Hill Academy is carrying a deficit of £188k on these funds.

Prior to the school joining the Trust, detailed discussions were held with the Department for Education regarding the structural deficit of the school, due to historically low pupil numbers and high staffing costs, and a recovery plan put in place.

Post conversion the situation was exacerbated as a result of staff expenditure being higher than anticipated. It was identified that 3.6 FTE teaching posts including science, maths, food technology and MFL, required to deliver the base curriculum, were not included in the information provided to the Trust pre conversion, and that the school had insufficient resource to deliver the GCSE Music curriculum. Non pay costs were higher than anticipated for a number of reasons including, increased invigilation as a result of exam changes, and replacement of PCs and projectors due to technical failures in year, adversely affecting the budget developed pre conversion.

In addition to the actions detailed in the recovery plan submitted to the DfE and ESFA in May 2016 robust action has been taken to ensure cost effectiveness and value for money from 2016/17 onwards. A budget review has been undertaken and budget management strategies being employed to address the underlying structural deficit whilst ensuring delivery of a broad and balanced curriculum through quality teaching. The strategies include effective management of curriculum related and all non-pay budgets to reduce spending; a review of support staff and teaching structures resulting in reduction to align more closely with the current level of pupil numbers. The model achieved through these savings enables the school to deliver an effective core offer of English, Maths, Science, ICT, Languages, Humanities, PE, Citizenship, Design Technology.

The speed at which this academy can come back to a breakeven position will, in part, be dependent on the phasing of the National Funding Formula as this academy's per pupil funding is predicted to increase, and growth in pupil numbers, which is already evident since the academy joined the Trust.

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Blackthorns Primary	709	125	10	160	1,004
Holmbush Primary	718	80	20	350	1,168
Lindfield Primary Academy	1,420	111	40	443	2,014
Pound Hill Infant Academy	882	364	11	486	1,743
Central Services	(5)	957	12	460	1,424
Desmond Anderson Primary Academy	816	178	20	121	1,135
The Burgess Hill Academy	2,998	774	123	557	4,452
	<u>7,538</u>	<u>2,589</u>	<u>236</u>	<u>2,577</u>	<u>12,940</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

18 Funds

Funds analysis by academy - previous year

	Total 2016 £'000
Fund balances at 31 August 2016 were allocated as follows:	
Blackthorns Primary Academy	118
Holmbush Primary Academy	115
Lindfield Primary Academy	32
Pound Hill Infant Academy	(15)
Central Services	-
	<hr/>
Total before fixed assets fund and pension reserve	250
Restricted fixed asset fund	13,455
Pension reserve	(1,173)
	<hr/>
Total funds	<u>12,532</u>

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2016 £'000
Blackthorns Primary Academy	1,054	182	42	285	1,563
Holmbush Primary Academy	914	119	51	315	1,399
Lindfield Primary Academy	1,395	146	90	414	2,045
Pound Hill Infant Academy	857	200	38	506	1,601
Central Services	1	806	127	360	1,294
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>4,221</u>	<u>1,453</u>	<u>348</u>	<u>1,880</u>	<u>7,902</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	34,634	34,634
Current assets	181	2,005	-	2,186
Creditors falling due within one year	-	(2,005)	-	(2,005)
Defined benefit pension liability	-	(1,667)	-	(1,667)
	<u>181</u>	<u>(1,667)</u>	<u>34,634</u>	<u>33,148</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	13,455	13,455
Current assets	662	1,041	-	1,703
Creditors falling due within one year	(412)	(1,041)	-	(1,453)
Defined benefit pension liability	-	(1,173)	-	(1,173)
	<u>250</u>	<u>(1,173)</u>	<u>13,455</u>	<u>12,532</u>

20 Pensions and similar obligations

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

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

Contributions amounting to £155k (2016: £70k) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

20 Pensions and similar obligations

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £723k (2016: £424k).

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

Under the definitions set out in FRS 102, the TPS is 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 contributions are as noted below. The agreed contribution rates for future years are 24.7% for employers and 5.5% to 12.8% for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

20 Pensions and similar obligations

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	503	251
Employees' contributions	113	59
Total contributions	<u>616</u>	<u>310</u>

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.1	4
Rate of increase for pensions in payment	2.4	2
Discount rate	<u>2.5</u>	<u>2</u>

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

	2017 Years	2016 Years
Retiring today		
- Males	23.6	24
- Females	25.0	26
Retiring in 20 years		
- Males	26.0	27
- Females	<u>27.8</u>	<u>29</u>

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017 £'000	2016 £'000
Discount rate - 0.5%	623	334
Salary rate + 0.5%	92	112
Pensions rate + 0.5%	<u>521</u>	<u>212</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

20 Pensions and similar obligations

The academy trust's share of the assets in the scheme

	2017 Fair value £'000	2016 Fair value £'000
Equities	1,700	1,072
Bonds	1,209	235
Property	262	118
Other assets	99	44
Total market value of assets	<u>3,270</u>	<u>1,469</u>

Actual return on scheme assets - gain/(loss)	<u>346</u>	<u>100</u>
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Amounts recognised in the statement of financial activities

	2017 £'000	2016 £'000
Current service cost	786	(332)
Past service cost	20	-
Interest income	(48)	(80)
Interest cost	84	-
Total operating charge	<u>842</u>	<u>(412)</u>

Changes in the present value of defined benefit obligations

	2017 £'000	2016 £'000
Obligations at 1 September 2016	2,642	-
Obligations acquired on conversion	1,432	1,697
Current service cost	786	332
Interest cost	84	80
Employee contributions	113	59
Actuarial (gain)/loss	(116)	474
Benefits paid	(24)	-
Past service cost	20	-
At 31 August 2017	<u>4,937</u>	<u>2,642</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

20 Pensions and similar obligations

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

	2017 £'000	2016 £'000
Assets at 1 September 2016	1,469	-
Assets acquired on conversion	863	944
Interest income	48	47
Actuarial gain	298	168
Employer contributions	503	251
Employee contributions	113	59
Benefits paid	(24)	-
At 31 August 2017	3,270	1,469

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

	2017 £'000	2016 £'000
Net income for the reporting period	20,202	12,838
Adjusted for:		
Net surplus on conversion to academy	(20,961)	(13,107)
Capital grants from DfE/ESFA and other capital income	(411)	(178)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	303	114
Defined benefit pension net finance cost	36	-
Depreciation of tangible fixed assets	168	80
(Increase) in stocks	(3)	-
(Increase) in debtors	(101)	(388)
Increase in creditors	552	1,453
Net cash used in operating activities	(216)	811

22 Commitments under operating leases

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

	2017 £'000	2016 £'000
Amounts due within one year	22	26
Amounts due in two and five years	17	20
	39	46

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

23 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The Hasting Academies Trust and the University of Brighton Academies Trust (who merged on the 1 September 2017) had shared central services during the year, the University of Brighton Academies Trust purchasing these at cost from the Hastings Academies Trust. School to school support was engaged in between the two trusts and the participating academies invoiced for the time invested. These transactions amounted to £22,000.

One of the Trustees is a trustee of the University of Chichester. During 2016-17 the Trust paid this University £1,350 for tuition fees for the Vice Principal of Blackthorns Primary Academy.

Mrs M Brand, Principal at Blackthorns Primary Academy, is married to Mr M Brand, a trustee. Her pay is set in accordance with the Trusts pay policy.

Since incorporation the Trust has been sponsored by the University of Brighton. This includes financial sponsorship to support University of Brighton Academies Trust operational costs not covered by the service charges levied on trust academies, and the use of office space at the University's Falmer and Moulsecoomb campuses for no further consideration.

The former Chief Executive retired on 31st December 2016. During his employment he only received remuneration in respect of services provided undertaking the role of Chief Executive under his contract of employment and not in respect of his role as Trustee. The value of his' remuneration was as follows:

P Griffiths (Chief Executive and trustee):

Remuneration: £10,000-£15,000 (15-16: £50,000 - £55,000)

Employers pension contributions: £0 - £5,000 (15-16: £5,000-£10,000)

The former Chief Executive reimbursed the Trust for the cost of a laptop (£1,219).

The Interim Chief Executive took up his role as of 1st January 2017 at no cost to the Trust.

The University also provides other key management personnel to enable the Trust to achieve its objectives - the Director of Policy and Governance, Director of Operational Services and Director of School Improvement. The total amount of employee benefits (including employer pensions contributions) received for service to the academy trust was £67,472 (15-16: £111,838). One member of administrative staff supporting the Trust's work has a contract of employment with the University of Brighton, a proportion of their salary costs (£15,851) were re-charged to the Trust (15-16 £52,875 for 3 staff).

In addition, expenditure on other services provided by the University of Brighton are as follows:

	£ (2016-17)	£ (2015-16)
Falmer office service charges (inc. hospitality, Computer consumables)	£11,625	£20,341
Other professional services (design & marketing)	£6,067	£3,730
Staff Travel	<u>£3,920</u>	<u>£4,334</u>
	£21,612	£28,405

Trust sponsorship income

	2016-17 (£)	15-16 (£)
Net UoB Expenditure	123,728	543,930
VAT charged by UoB (claimable from HMRC)	24,746	108,786
Direct sponsorship payments	145,938	100,000
Outstanding (August direct expenditure)	46,688	25,340
	341,100	778,056

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

Other expenditure and income with the University through academies rather than the central Trust is as follows:-

	2016-17 (£)	15-16 (£)
Expenditure		
School Direct salaried Students	17,490	10,494
Other	887	200
Total	18,377	10,694
Income		
Student Teacher mentoring	1,950	-
Girls Cricket Coaching	600	-
Supply cover paid for	188	-
Secondments	-	3,388
Student Placement Income	-	3,125
Total	2,738	6,513

The Trust shares central administrative staff with the Hastings Academies Trust (HAT). All such staff are employed by HAT, with an agreed proportion of salaries and expenses being invoiced to the Trust. The total for 2016-17 is £577,752, with £93,142 outstanding at the end of the year.

24 Members' liability

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

25 Teaching School trading account

	2017		2016	
	£'000	£'000	£'000	£'000
Direct income				
Government grants		487		217
Direct costs				
Direct staff costs	30		35	
Professional / Teacher Training	214		182	
Educational consultancy	184		-	
	<u>428</u>		<u>217</u>	
Other costs				
Support staff costs	40		-	
Technology costs	2		-	
Maintenance of premises and equipment	2		-	
Security and transport	3		-	
Other support costs	12		-	
	<u>59</u>		<u>-</u>	
Total expenditure		<u>(487)</u>		<u>(217)</u>
Surplus/(deficit) from all sources		-		-
Teaching School balances at 1 September 2016		-		-
Teaching School balances at 31 August 2017		<u>-</u>		<u>-</u>

Hastings Academies Trust (formerly University of Brighton Academies Trust)

Notes to the accounts for the year ended 31 August 2017 (continued)

26 Conversion to an academy

On 01/09/2016 and 01/02/2017 Oakmeeds Community College and Desmond Anderson Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hastings Academies Trust (formerly University of Brighton Academies Trust) from the Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion	
Desmond Anderson Primary Academy	Crawley	1 February 2017	
The Burgess Hill Academy	Burgess Hill	1 September 2016	
Net assets transferred:			2017 £'000
Leasehold land and buildings			21,341
Cash			189
LGPS pension surplus/(deficit)			(569)
			<u>20,961</u>
		Unrestricted Funds £'000	Restricted funds: General £'000
			Fixed asset £'000
			Total 2017 £'000
Funds surplus/(deficit) transferred:			
Fixed assets funds		-	21,341
LA budget funds		189	-
LGPS pension funds		-	(569)
		<u>189</u>	<u>21,341</u>
			<u>20,961</u>