

Registration Number: 10299446 (England and Wales)

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

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HADRIAN LEARNING TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017

Members

L Charlton (appointed 27 July 2016)
D Hartland (appointed 20 January 2017)
S Kitchman (appointed 27 July 2016)
S J Thompson (appointed 27 July 2016, resigned 4 September 2016)
S Todd (appointed 27 July 2016)
P Wood (appointed 27 July 2016)

Trustees

S Kitchman, Chair (appointed 27 July 2016)¹
D Hartland, Vice Chair/Parent Trustee (appointed 27 July 2016)
G D Atkins, Chief Executive and Accounting Officer (appointed 27 July 2016)¹
C A Brown, Parent Trustee (appointed 27 July 2016)¹
P Ferguson (appointed 27 July 2016, resigned 27 September 2017)¹
J S Grey (appointed 27 July 2016, resigned 29 September 2016)
B M Hignett (appointed 27 July 2016)
J M Holmes (appointed 27 July 2016)
S C Kemp (appointed 27 July 2016)
S J Thompson (appointed 27 July 2016, resigned 4 September 2016)

¹ Finance and Audit Committee

Company registered number

10299446

Company name

Hadrian Learning Trust

Principal and registered office

Queen Elizabeth High School
Whetstone Bridge Road
Hexham
Northumberland
NE46 3JB

Executive officers

G D Atkins, Executive Headteacher
A Byers, Head of School (resigned 31 August 2017)
J Andriot, Acting Head of School (QE) (appointed 1 September 2017)
S Sparke, Trust Business Manager and Chief Financial Officer

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

HADRIAN LEARNING TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2017**

Bankers

Lloyds Bank plc
Priestpopple
Hexham
NE46 1PA

Solicitors

Browne Jacobson LLP
18 - 22 Bridge Street
Manchester
M3 3BZ

Muckle LLP
32 Gallowgate
Newcastle Upon Tyne
NE1 4BF

HADRIAN LEARNING TRUST
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 27 July 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The academy trust currently operates two schools in the Hexham area – Hexham Middle School and Queen Elizabeth High School – with a combined roll of around 1,750 pupils aged 9-19.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Trustees of Hadrian Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hadrian Learning Trust.

Hadrian Learning Trust was incorporated on 27 July 2016 and the academy trust commenced its operations on 1 September 2016.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

Method of recruitment and appointment or election of Trustees

The method for the appointment and election of Trustees is set out in detail in the academy trust's Article of Association.

The Members may appoint by ordinary resolution up to six Trustees. Two Parent Trustees are elected if Local Governing Bodies have not been established. If the number of persons exercising parental responsibility standing for election is less than the number of vacancies, Parent Trustees may be appointed by the Trust Board. The Trust Board may also appoint Co-opted Trustees.

The Trust Board seeks to have a balanced mix of the skills, experience and knowledge needed to carry out its role, informed by a regularly-updated Skills Audit. Where any skills gaps are identified, these are filled either by training or by recruiting new Trustees. Vacancies are publicised to stakeholders in the local community and the Trust Board also uses the services of Academy Ambassadors, a not-for-profit recruitment organisation funded by the Department for Education.

The term of office for any Trustee is four years, although this time limit does not apply to the Chief Executive where that person is appointed as a Trustee by virtue of their office. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their previous experience and is tailored to their individual needs. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the schools and the chance to meet with staff and students.

All Trustees are provided with the most recent editions of the Governance Handbook and Academies Financial Handbook, published by the Department for Education and Education and Skills Funding Agency respectively. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Training is provided as required, based on needs identified in a regular Skills Audit or to reflect changes in such areas as educational assessment or the Academies Financial Handbook.

Organisational structure

The governance of the academy trust is defined in the Memorandum, Articles of Association and Funding Agreements agreed with the Department for Education.

The Members include three independent Members, appointed on the basis of their knowledge and experience, along with the Chair and Vice-Chair of the Trust Board. The role of Members is to ensure the academy trust meets its charitable objectives, act as custodians of the schools' ethos and oversee governance arrangements. They have the power to appoint and, if necessary, remove Trustees. It is, for the most part, a hands-off role.

The Trust Board is responsible for the strategic leadership of the academy trust, including three core functions:

- Ensuring clarity of ethos, vision and strategic direction;
- Holding the Executive Headteacher to account for the educational performance of the schools;
- Overseeing the financial performance of the school, ensuring money is well spent.

Trustees also have general duties and obligations as both Company Directors and Charity Trustees. Trustees are bound by the Nolan Principles of Public Life and the academy trust's own Code of Conduct.

The Trust Board usually meets monthly during term time. It has established a detailed Scheme of Delegation, which sets out which of its functions it has delegated to Trust Committees and individuals such as the Chair or Executive Headteacher. There are currently four Committees:

- Finance and Audit
- HR and Performance Management
- HMS Monitoring Committee
- QEHS Monitoring Committee.

Committees operate under Terms of Reference and enable more detailed scrutiny and challenge for each area, to ensure that the Executive Headteacher is properly held to account. In most cases, Committees meet twice a term.

The day-to-day, operational management of the schools is delegated to the Executive Headteacher, who fulfils the role of Chief Executive Officer and Accounting Officer, and who is supported by the Senior Leadership Team (SLT). Individual members of the SLT are allocated specific management responsibilities by the Executive Headteacher.

HADRIAN LEARNING TRUST
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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel are set in line with the academy trust's pay policy. This policy is reviewed annually by Trustees and reflects the national teachers' pay and conditions guidance for teaching staff and leaders and local authority practice for other staff. Benchmarks such as the size of the schools and complexity of the role are built into the processes detailed in the policy.

Performance management is used to determine pay progression for all posts across the academy trust. An external School Improvement Partner advises the HR & Performance Management Committee in respect of the Executive Headteacher. The Committee also receives evidenced recommendations from the Executive Headteacher with regard to the pay of teachers and senior leaders.

No Trustee received any remuneration in connection with their governance responsibilities.

Related parties and other connected charities and organisations

Hadrian Learning Trust has a policy in place for staff and Trustees to disclose and handle related party transactions in line with company law and charity law and ESFA guidance.

There was one trivial related party transaction which is reported in note 27 of the financial statements.

Hadrian Learning Trust is a standalone organisation with no connected organisations.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal objects of Hadrian Learning Trust can be summarised as:

- to advance for the public benefit education in the UK, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- to promote for the benefit of the inhabitants of the areas in which the schools are situated the provision of facilities for recreation or other leisure time occupation.

Ethos

"Outstanding eagerness to promote good learning"

This is a friendly, welcoming school, built on foundations of mutual respect and care for others. We work together to become all we can be.

We share a love of learning and believe in the highest academic standards for everyone. We value education in its broadest sense, knowing that the arts, sport and other opportunities help shape us as individuals and as citizens of the wider world.

We are committed to enabling all of our students to develop their knowledge and understanding, skills and mindset, so that they can take their next steps with confidence. Our aim is that every child will grow into a happy, fulfilled and successful adult.

** From the Charter granted to the people of Hexham by Queen Elizabeth I, 1599*

HADRIAN LEARNING TRUST
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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Objectives, strategies and activities

The Trust Board has defined three key objectives:

- first and foremost, to improve educational outcomes and experience;
- secondly, to become financially sustainable;
- thirdly, to secure capital investment, so that buildings and facilities are fit for purpose.

In fulfilment of the objects, the academy trust's principal activities in the year ended 31 August 2017 were:

- maintaining, carrying on, managing and developing the schools within the academy trust;
- offering a broad and balanced curriculum;
- ensuring that every pupil and student enjoys equal access to high quality education

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy trust should undertake.

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TRUSTEES' REPORT (continued)
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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Provisional Key Stage 2 Outcomes

| | 2016 | | 2017* | |
|---------------------|-------------|-----------------|--------------|-----------------|
| KS2 | HMS | National | HMS | National |
| RWM combined | | | | |
| Expected standard | 54% | 53% | 72% | 61% |
| High standard | 13% | 5% | 19% | 9% |
| Reading | | | | |
| Expected standard | 71% | 66% | 82% | 71% |
| High standard | 35% | 19% | 41% | 25% |
| Writing | | | | |
| Expected standard | 90% | 74% | 86% | 76% |
| High standard | 23% | 15% | 26% | 18% |
| EGPS | | | | |
| Expected standard | 82% | 72% | 86% | 77% |
| High standard | 35% | 22% | 41% | 31% |
| Maths | | | | |
| Expected standard | 64% | 70% | 77% | 75% |
| High standard | 22% | 17% | 34% | 23% |

*Provisional / unvalidated data

In 2017, the percentage of pupils reaching the expected standard in the combined Reading, Writing and Mathematics measure increased from 54% in 2016 to 72%, well above the national figure of 61%. The proportion reaching the higher standard increased from 13% to 19%, well above the national figure of 9%.

In Reading, 82% reached the expected standard, compared with 71% the previous year and a national figure of 71%. 41% reached the higher standard, up from 35% in 2016, and well above the national figure of 25%.

In Writing, 86% reached the expected standard, compared with 90% the previous year and a national figure of 76%. 26% reached the higher standard, up from 23% in 2016, and above the national figure of 18%.

In Grammar, Punctuation and Spelling, 86% reached the expected standard, compared with 82% the previous year and a national figure of 77%. 41% reached the higher standard, up from 35% in 2016, and above the national figure of 31%.

In Mathematics, 77% reached the expected standard, up from 64% in 2016, and above the national figure of 75%. 34% reached the higher standard, up from 22% in 2016, and well above the national figure of 23%.

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TRUSTEES' REPORT (continued)
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Provisional Key Stage 4 Outcomes

| KS4 | 2016 | | 2017* | |
|-----------------------------------|-------------|-----------------|--------------|-----------------|
| | QEHS | National | QEHS | National |
| Progress 8 | 0.31 | 0 | 0.52 | 0 |
| Attainment 8 | 55.9 | 48.5 | 53.9 | 44.2 |
| %9-5 English and mathematics | n/a | n/a | 63% | 39.1% |
| %EBacc | 39% | 23.1% | 28% | 19.5% |
| %A*-C/9-4 English and mathematics | 80% | 59.3% | 79% | 63.3% |

*Provisional / unvalidated data

In 2017, pupils sat reformed GCSEs in English Language, English Literature and mathematics for the first time, graded on a 9-1 scale. New GCSEs in other subjects are being phased in for first teaching over three years: from September 2016, 2017 and the remaining few from 2018. The 2017 headline accountability measures for secondary schools are: Attainment 8, Progress 8, attainment in English and mathematics at grades 5 or above, English Baccalaureate (EBacc) entry and achievement (including a grade 5 or above in English and mathematics), and destinations of pupils after key stage 4.

The Progress 8 score for Queen Elizabeth High School in 2017 is 0.52, up from 0.31 in 2016, placing the school in the top 12% band of schools nationally. The percentage of students gaining strong passes (grades 9 to 5) in both English and mathematics is 63%, well above the national figure for state schools of 39.1%. 35% of students entered the English Baccalaureate, with 28% achieving this, compared with respective figures of 46% and 39% the previous year and a national achievement figure of 19.5%. The school's Attainment 8 score is 53.9, above the national figure of 44.2. 79% of students gained 9-4 grade passes in English and mathematics in 2017, compared with the equivalent figure in 2016 (i.e. A*-C in English and mathematics) of 80% and a national figure of 63.3%.

With regards to destinations, provisional data for 2017 indicates that 60% of Year 11 progressed to sixth form, 31% went onto further education, 3% went onto apprenticeships, 2% to other post 16 provision, 2% were in some form of employment, and 2% were still seeking employment, education or training.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Provisional Key Stage 5 Outcomes

| | 2016 | | 2017* | |
|---------------------------|--------|----------|--------|----------|
| 16-19 | QEHS | National | QEHS | National |
| A Level | | | | |
| APS Per Entry | 35.78 | 31.79 | 40.87 | 32.12 |
| Average grade | B- | C+ | B | C+ |
| Value added | +0.09 | 0 | tbc | 0 |
| Applied General | | | | |
| APS Per Entry | 43.01 | 34.7 | 43.08 | 35.64 |
| Average grade | Dist*– | Dist | Dist*– | Dist |
| Value added | +0.28 | 0 | tbc | 0 |
| Tech Level (Media) | | | | |
| APS Per Entry | 39.29 | 30.78 | 42.35 | 32.24 |
| Average grade | Dist+ | Dist– | Dist*– | Dist– |
| Value added | +1.33 | 0 | tbc | 0 |

*Provisional / unvalidated data

At A Level, the average point score per entry (APS) in 2017 is 41.39, up from 35.78 in 2016, and significantly higher than the national figure of 32.12. Expressed as a grade, APS increased from a B– in 2016 to a B in 2017, above the national average grade of C+.

For Applied General students, the APS is 45.25, up from 43.01 in 2016 and higher than the national figure of 35.64, equating to an average grade of Distinction*–.

For Tech Level students, the APS was 42.35, up from 39.77 in 2016 and above the national figure of 32.24, equating to an average grade of Distinction*–.

With regards to destinations, 57% of the 2017 cohort progressed to university, some with deferred 2018 entry, 17% went into employment, 11% opted for another year at school, 3% went onto an art foundation and 3% began apprenticeships. The destinations of 9% of the cohort remain unknown at the time of writing.

Key Performance Indicators

The key financial performance indicators monitored by the leadership team and Trust Board are as follows:

- Pupil numbers versus capacity and prediction, including sixth form retention;
- Termly management accounts versus budget;
- GAG and other income compared to other schools;
- Average teacher cost benchmarked against national medians and similar schools;
- Employee and other cost categories benchmarked against national medians and similar schools;
- Pupil to teacher ratio benchmarked against national medians and similar schools.

Both schools in the academy trust met the required standards during the period.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Educational Experience

Both Queen Elizabeth High School and Hexham Middle School are rated as Good by Ofsted.

As the schools' Ethos makes clear, the academy trust believes that the highest academic standards for all students should go hand in hand with the opportunity to participate in a broad range of extra curricular and enrichment opportunities. Surveys of both HMS and QE students show that a large proportion engage in at least one activity.

Throughout the course of the last year, provision in this area remained strong. At Hexham Middle School, pupils participated in a variety of competitive sporting fixtures and events, including in football, rugby, cricket, netball and athletics, and took part in the school's winter games and summer sports day. In music, pupils had the opportunity to play and sing in various ensembles – the school orchestra, the ceilidh band, the choir, the pop choir and the rock band, to be trained by Opera North Singers and to perform at various events including the annual carol service in Hexham Abbey. There were a number of author and theatre company visits to the school and a whole host of visiting guest speakers. STEM (Science, Technology, Engineering and Mathematics) activities included workshops run by Newcastle University, the Centre for Life and Sir Robert McAlpine Engineering.

Careers education and next steps guidance featured strongly and included various careers talks, participation in the Campus Explorers and University Unzipped initiatives, and attendance at the Hexham Jobs Fair. Educational visits included Newcastle University, Kirkley Hall, Gibside, Hexham Old Gaol, Safety Works, Hexham Gate and one to Tynemouth as part of a literature initiative. There were two residential visits – to High Borran and Kingswood outdoor education centres, and two trips abroad – a cultural visit to France and the annual ski trip.

Extra-curricular clubs included Debating, Spanish, Computing, Art, Drama, Sudoku, Ceilidh, Construction, Film and a whole host of sporting clubs.

At Queen Elizabeth High School, extra-curricular and enrichment provision was equally strong. Students participated in a wide range of competitive sporting events including in football, rugby, cricket, netball and hockey, with successes including: winners of the Northumberland Under 19s league and county netball tournament (and third in the regional competition), Under 15 girls' indoor county cricket champions, winners of the Year 9 and 10 inter-schools rugby tournament and winners of the Tyneside senior schools' football cup. The school's rowing club continued to have considerable success at various events throughout the rowing season. The school also had a number of individual successes at the Tynedale and County athletics events.

In music, there was a whole host of opportunities for students to participate, including boys' choir, girls' choir, orchestra, folk group, rock band, wind band, jazz band, Northumbrian pipes and Brazilian drumming, with each ensemble featuring at various events throughout the year. Brazilian dance, Youth Dance Tynedale and Youth Theatre provided opportunities for students in the other performing arts, with the latter the main focus for the school's annual production, which in 2016/17 was The Addams Family.

The preparation of students for their next steps was considerable. As well as provision of one-to-one careers advice and guidance, activities and initiatives included various careers talks, a careers and employment day supported by a number of local and regional employers, Next Steps and Opportunity Ready conferences, attendance at Skills North East and Hexham jobs fairs, a visit to Newcastle College, a visit to Egger, involvement with the Raising Aspirations Partnership, and attendance at the UCAS convention and Oxbridge conference.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Educational Experience (continued)

Educational trips and visits throughout the year included a visit to the Samye Ling Tibetan Centre, attendance at a conference on the Middle East, participation in the Hexham Partnership Pupil Voice conference, mosque, temple and Hexham churches visits, visits to various theatre productions both locally and beyond, participation in the engineering education scheme, attendance at a philosophy conference, attendance at a mathematics and statistics conference, and visits to the Centre for Life, Newcastle University, Edinburgh art galleries and Beamish, amongst many others. Curriculum leaders led a variety of subject-specific field trips, and visits abroad included one to the European Organisation for Nuclear Research (CERN) in Switzerland, one to the Tashi Lhunpo monastery in India, an art visit to Barcelona, French, Spanish and German exchanges, two ski trips and a sports tour to Australia.

Extra-curricular clubs included a number of subject-specific clubs, sporting clubs, music groups, the human rights group, the Arts Award and the Duke of Edinburgh Award group.

Capital projects

Two successful funding applications have been made to the ESFA's Condition Improvement Fund. At Hexham Middle School, this has enabled work to begin on the refurbishment of some of the roofs of the Fellside building and on the flat roof of the canteen. Queen Elizabeth High School has also been allocated funding for windows and cladding to the front of the lower school, with work expected to start in 2018.

The Hydro building at Queen Elizabeth High School has been allocated Priority Schools Building Programme funding in order to meet its condition needs. Discussions continue with the ESFA project team and their advisors on design and implementation.

In addition to the major capital works described above, a programme of repairs and upgrading of the facilities has continued throughout the period, as allowed by very limited funding. This has included essential repairs to heating systems, safety improvements and upgrade of ICT facilities.

Going Concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the academy 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.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

FINANCIAL REVIEW

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. In addition, unrestricted income comprises self-generated revenue such as lettings and departmental sales.

During the period ended 31 August 2017, total recurrent grant funding of £9,620,000 from the DfE/ESFA together with other incoming resources was in excess of total expenditure. The excess of income over expenditure for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £91,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives. In accordance with disclosure requirements, the financial information presented in the statement of financial activities includes the assets and liabilities transferred from Northumberland County Council upon conversion, and transactions in the restricted asset fund, although such presentation can obscure an overview of the operating performance of the academy trust.

At 31 August 2017 the net book value of fixed assets was £20,844,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £4,822,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2017 of £16,389,000 comprising £16,309,000 of restricted funds and £80,000 of unrestricted funds.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Reserves policy

The academy trust holds restricted and unrestricted funds, and the attached financial statements detail these funds. Unrestricted funds are held to cover delays between spending and receipt of grants, manage annual variations in student numbers, and provide a cushion to deal with unexpected emergencies.

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy trust is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) equivalent to four weeks' expenditure (£700,000) across the academy trust. The academy trust's current level of free reserves are £80,000 and therefore are considered to be below the level of reserves required for the ongoing needs of the academy trust. Trustees have decided that the reserves will now be grown at a rate of at least half a week per year.

Once the targeted level of reserves has been achieved, the Trustees will consider additional activities related to the academy trust's objectives to which any future excess reserves may be applied, including to provide funds which can be designated to specific areas such as providing an option as to whether to contribute to the pension deficit and/or to develop the academy trust's longer-term goals and ambitions by building up seed funding for future capital projects and educational initiatives for the benefit of pupils.

Investments policy

The Trustees aim to maximise investment return whilst minimising risks to the principal sum. All free funds are invested in cash deposits at market rates. Interest rates are reviewed prior to each investment.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the academy trust is exposed, in particular those relating specifically to the operations and finances of the academy trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

The Finance and Audit committee undertakes a formal review of the academy trust's risk management process on an annual basis, and reviews the risk register at least termly.

The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. The key controls used by the academy trust are as follows:

- Formal agendas for all Trust Board and committee meetings
- A detailed scheme of delegation
- Terms of reference for the Trust Board and its committees
- School development plans for each school identifying key strategic planning objectives and the resources required to achieve them
- Formal written policies reviewed regularly
- Comprehensive strategic budget planning, monitoring and review
- Clear safeguarding and vetting procedures to protect children and young people
- Rigorous review of educational achievement to ensure continuing high standards.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Principal risks and uncertainties (continued)

A comprehensive list of key risks are included with the academy trust's 'Risk Register' and mitigating actions are identified and policies put in place. Risks beyond the academy trust's control are monitored and planned for. A summary of risks on the Risk Register is as follows:

| | |
|----|---|
| 1 | Trust runs unsustainable deficit budget |
| 2 | Pupil numbers fall significantly |
| 3 | Poor Ofsted report |
| 4 | Poor pupil attainment/progress |
| 5 | Vacancies not filled with high quality staff |
| 6 | Significant staff absence |
| 7 | Insufficiently skilled/experienced Governors |
| 8 | Natural/other disaster occurs |
| 9 | A student or member of staff comes to significant harm on school premises |
| 10 | Serious safeguarding issue |
| 11 | Fraud |
| 12 | Breach of legislative requirements |
| 13 | IT standard inadequate |
| 14 | Theft/loss of assets |
| 15 | Cessation of LGPS pooling |
| 16 | Significant increase in TPS employer contributions |
| 17 | Future significant unfunded staff pay increases |

The following risk evaluation matrix has been used to assess each of the risks above:

| | | Impact | | | | |
|------------|-------------------------|--|-----------------|----------------------------------|-----------------------------------|---|
| | | 1. Not critical to continued operation | 2. Minor impact | 3. Significant short term impact | 4. Significant medium term impact | 5. Fundamental to continuing operations |
| Likelihood | 1. Extremely unlikely | | | | 7 | |
| | 2. Unlikely | | | 12, 15 | 3,4 | 8,9 |
| | 3. Moderately likely | | | 2, 13,14,16,17 | 5,6,10 | 1,11 |
| | 4. Very likely; regular | | | | | |
| | 5. Extremely likely | | | | | |

KEY

| | |
|-------------|--|
| Low risk | |
| Medium risk | |
| High risk | |

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

It is recognised that systems can only provide reasonable, but not absolute assurance that major risks have been adequately managed. Where significant financial risk remains, Trustees have ensured they have adequate insurance cover, and a business continuity plan is in place so that activities can be maintained.

PLANS FOR FUTURE PERIODS

The main objectives of Hadrian Learning Trust remain as follows:

- to improve educational experience and outcomes;
- to become financially sustainable;
- to secure capital investment, so that buildings and facilities are fit for purpose.

In Summer 2017, the academy trust carried out an initial, informal consultation on a proposal to bring HMS and QE together to form a single 11-18 secondary school, as a means to help realise the above objectives. The rationale for this proposed age range change is set out in a Consultation Document available on the schools' websites. At the time of writing, Trustees are carefully considering responses from stakeholders before deciding if and how to move forward.

Specifically in relation to capital investment, the academy trust will continue to work with the Education and Skills Funding Agency regarding the refurbishment and renovation of the Hydro building as part of the Priority Schools Building Programme (Phase 2). In addition, further capital bids for each school will be made to the Condition Improvement Fund.

As stated at the time of academy conversion, the academy trust is open to other schools joining Hadrian Learning Trust, where it is agreed that this is in everyone's interest. This could include other schools within the Hexham Partnership or beyond.


Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Clive Owen LLP has indicated its willingness to continue in office.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2017 and signed on its behalf by:



S Kitchman
Chair

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Hadrian Learning 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 with 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 Hadrian Learning Trust and the Secretary of State for Education. They are 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 13 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| S Kitchman, Chair | 13 | 13 |
| D Hartland, Vice Chair/Parent Trustee | 11 | 13 |
| G D Atkins, Chief Executive and Accounting Officer | 12 | 13 |
| C A Brown | 12 | 13 |
| P Ferguson | 12 | 13 |
| J S Grey | 1 | 2 |
| B M Hignett | 10 | 13 |
| J M Holmes | 12 | 13 |
| S C Kemp | 10 | 13 |
| S J Thompson | 1 | 1 |

Governance Review

The Trust Board evaluated its governance arrangements at the time of academy conversion. It concluded that structures and processes were effective and met the requirements of the Academies' Financial Handbook. It is worth noting that Ofsted found in its inspections of both QE and HMS in 2015-16 that governance was strong.

In February 2017, the Trust Board agreed a Governance Framework and Scheme of Delegation, setting out governance arrangements in detail. A Skills Audit was also updated to inform training and recruitment requirements.

In March 2017, the academy trust was selected at random by the ESFA for a Financial Management and Governance Self-Assessment validation visit. This concluded that the academy trust was progressing towards compliance with the requirements of the Academies' Financial Handbook and agreed with almost all of the answers (40/42) given in the Self-Assessment. Subsequently, the academy trust has fully implemented the recommendations made by the ESFA team.

During the course of the year, two Trustees resigned for personal reasons. The Board expressed its gratitude for their dedicated service to the schools over many years in both the academy trust and predecessor Governing Body.

The Trust Board will continue to evaluate the effectiveness of governance arrangements during 2017-18.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Governance (continued)

The Finance and Audit committee is a sub-committee of the main Trust Board. Its purpose is to advise the Trust Board on financial matters, and ensure adherence to the Academies Financial Handbook across the areas of governance and financial oversight; financial planning, monitoring and reporting; internal control and internal scrutiny; proper and regular use of funds and audit requirements.

Attendance at meetings in the period was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| C A Brown (Chair) | 7 | 7 |
| G D Atkins (Chief Executive and Accounting Officer) | 7 | 7 |
| P Ferguson | 4 | 7 |
| S Kitchman | 7 | 7 |

Review of Value for Money

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

The Accounting Officer considers how the academy trust's use of its 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 appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

Reducing overall staffing expenditure whilst improving student outcomes

Following a significant staffing re-structure in 2015, the opportunity to reduce expenditure on staffing further as a result of staffing movement was taken in 2016 and 2017, coming into effect in academic years 2016-17 and 2017-18. Specifically, this has involved re-structuring certain aspects of middle and senior leadership, not filling certain support staffing posts when staff have left, and reducing the teaching staff full-time equivalent (FTE) total by 6 (from 103.4 FTE to 97.4 FTE since September 2014). During this period, outcomes at both schools have improved. Benchmarking analysis indicates that each is typically at the low end of spending across most measures compared with similar schools. In addition, we analysed our curriculum and staffing profile in relation to the Outwood Grange Academies Trust's approach to curriculum and financial planning, which indicated broad alignment with their key efficiency indicators.

Seeking low-cost support and professional development to improve outcomes

The academy trust promotes a continuous improvement mindset and, as such, senior and middle leaders are committed to improving provision so that outcomes for pupils and students continue to improve. To this end, over the course of the past year, staff have sought to learn from others who may be doing better in relation to particular aspects. For example, a variety of senior and middle leaders from both schools have visited and sought to learn from other good and outstanding providers, including Front Street Primary in Gateshead, Easington and Shotton Hall academies in Durham, and Ponteland Middle School.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Best value procurement

The Trustees and officers apply the principles of best value when making spending decisions. The academy trust follows policies and procedures which ensure the best value is secured from purchases by maximising:

- Economy – minimising the cost of resources used while having regard to quality – **spending less;**
- Efficiency – relationship between outputs and the resources used to achieve them – **spending well;**
- Effectiveness – the relationship between intended and actual impacts of spending – **spending wisely;**
- Equity – the extent to which services are available to and reach all people that they are intended to – **spending fairly.**

A highly skilled finance team oversees all ordering and procurement activities. Orders and contracts must be supported by written quotations before the decision is taken to proceed in line with the following limits:

| Value | Approval | Best value process |
|--------------------------|-----------------------------|---|
| Above EU threshold | Trust Board | EU Tender |
| £100,000 to EU threshold | Trust Board | Three tenders based on a written specification and evaluation criteria |
| £20,000 to £100,000 | Finance and Audit Committee | Three formal quotations, where appropriate |
| Up to £20,000 | CEO | Above £5,000 (£10,000 for works) – three quotations Below £2,500 – a price must be obtained prior to placing an order and consideration given to sourcing alternative quotations |

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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hadrian Learning Trust for the period 27 July 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the period 27 July 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/expenses procedures
- Testing of control account/bank reconciliations
- Testing of Income systems
- Testing of the Accounting system and management information produced
- Review of trustee appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium / ex-gratia payments
- Review of information technology strategy
- Review of Fixed Assets
- Review of VAT and Corporation Tax position

On a termly basis, the auditors report to the Board of Trustees through the Finance and Audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The schedule of work has been delivered as planned, and no material control issues have been identified as a result of the reviewer's work. Recommendations for internal control improvements are raised from time to time, and procedures are put in place accordingly.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the reviewer as described above;
- the work of the external auditor;
- the financial management and governance self-assessment process, which included a review of the financial management and governance self-assessment return by the ESFA in March 2017;
- the work of the executive managers within the Academy 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 finance and audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2017 and signed on their behalf, by:



S Kitchman
Chair



G D Atkins
Accounting Officer

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hadrian Learning Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



G D Atkins
Accounting Officer

7 December 2017

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees (who act as trustees of Hadrian Learning Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2017 and signed on its behalf by:



S Kitchman
Chair

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HADRIAN LEARNING TRUST**

Opinion

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

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 2006. 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust 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. In particular see accounting policies note 1.5 for further details.

Emphasis of matter

We draw the reader's attention to the accounting policies on page 33 of the financial statements, which set out why the financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HADRIAN LEARNING TRUST**

Other information

The 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 information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HADRIAN LEARNING TRUST**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A handwritten signature in black ink that reads "Clive Owen". The signature is written in a cursive, flowing style.

Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
7 December 2017

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HADRIAN LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017 and the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hadrian Learning Trust during the period 27 July 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 Hadrian Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hadrian Learning Trust and the 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 Hadrian Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Hadrian Learning Trust's funding agreement with the Secretary of State for Education dated 24 August 2016, 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 27 July 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HADRIAN LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of trust board and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 27 July 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

7 December 2017

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2017**


| | Note | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Total funds 2017 £000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|
| INCOME FROM: | | | | | |
| Donations & capital grants: | | | | | |
| Transfer from local authority on conversion | 2 | (63) | (5,617) | 21,148 | 15,468 |
| Other donations and capital grants | 2 | 23 | - | 441 | 464 |
| Charitable activities | 3 | - | 8,086 | - | 8,086 |
| Other trading activities | 4 | 1,069 | - | - | 1,069 |
| Investments | 5 | 1 | - | - | 1 |
| TOTAL INCOME | | <u>1,030</u> | <u>2,469</u> | <u>21,589</u> | <u>25,088</u> |
| EXPENDITURE ON: | | | | | |
| Charitable activities | | 950 | 8,138 | 501 | 9,589 |
| TOTAL EXPENDITURE | 7 | <u>950</u> | <u>8,138</u> | <u>501</u> | <u>9,589</u> |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | |
| Transfers between Funds | 19 | 80 | (5,669) | 21,088 | 15,499 |
| | | - | (46) | 46 | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | |
| | | 80 | (5,715) | 21,134 | 15,499 |
| Actuarial gains on defined benefit pension schemes | 25 | - | 890 | - | 890 |
| NET MOVEMENT IN FUNDS | | <u>80</u> | <u>(4,825)</u> | <u>21,134</u> | <u>16,389</u> |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | - | - | - | - |
| TOTAL FUNDS CARRIED FORWARD | | <u>80</u> | <u>(4,825)</u> | <u>21,134</u> | <u>16,389</u> |

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10299446

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £000 | 2017 £000 |
|--|------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 14 | | 20,844 |
| CURRENT ASSETS | | | |
| Stocks | 15 | 15 | |
| Debtors | 16 | 349 | |
| Cash at bank and in hand | | 1,179 | |
| | | <u>1,543</u> | |
| CREDITORS: amounts falling due within one year | 17 | <u>(1,108)</u> | |
| NET CURRENT ASSETS | | | 435 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>21,279</u> |
| CREDITORS: amounts falling due after more than one year | 18 | | <u>(68)</u> |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | 21,211 |
| Defined benefit pension scheme liability | 25 | | <u>(4,822)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>16,389</u> |
| FUNDS OF THE ACADEMY | | | |
| Restricted income funds: | | | |
| Restricted income funds | 19 | (3) | |
| Restricted fixed asset funds | 19 | 21,134 | |
| Restricted income funds excluding pension liability | | <u>21,131</u> | |
| Pension reserve | | <u>(4,822)</u> | |
| Total restricted income funds | | | 16,309 |
| Unrestricted income funds | 19 | | <u>80</u> |
| TOTAL FUNDS | | | <u>16,389</u> |

The financial statements on pages 28 to 52 were approved by the Trustees, and authorised for issue, on 7 December 2017 and are signed on their behalf, by:



S Kitchman
Chair

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017

| | Note | 2017 £000 |
|--|------|--------------|
| Cash flows from operating activities | | |
| Net cash provided by operating activities | 21 | 590 |
| Cash flows from investing activities: | | |
| Dividends, interest and rents from investments | | 1 |
| Purchase of tangible fixed assets | | (219) |
| Capital grants from DfE/ESFA | | 369 |
| Donated fixed assets | | 72 |
| Cash transferred on conversion | | 253 |
| Net cash provided by investing activities | | 476 |
| Cash flows from financing activities: | | |
| Repayments of borrowings | | (23) |
| Cash inflows from new borrowing | | 136 |
| Net cash provided by financing activities | | 113 |
| Change in cash and cash equivalents in the period | | 1,179 |
| Cash and cash equivalents brought forward | | - |
| Cash and cash equivalents carried forward | 22 | 1,179 |

All of the cash flows are derived from acquisitions in the current financial period.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 accounts 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.

Hadrian Learning Trust constitutes a public benefit entity as defined by FRS 102.

1.2 FUND ACCOUNTING

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

Restricted 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 and include grants from funders.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated.

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All expenditure is inclusive of irrecoverable VAT.

HADRIAN LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust 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. The Trustees have reviewed the 2017/18 budget and have made savings to ensure that the academy continues to operate a balanced budget. Initial indications are that the school will benefit from the National Funding Formula (NFF). The aim is to use some of this to build up reserves to meet future unexpected expenditure.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|----------------|
| Long-term leasehold property | - | Over 50 years |
| Long-term leasehold land | - | Over 125 years |
| Motor vehicles | - | Over 5 years |
| Fixtures and fittings | - | Over 5 years |
| ICT equipment | - | Over 5 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 incorporating Income and Expenditure Account.

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 costs as detailed in notes 17 and 18. 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.

1.14 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.

HADRIAN LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 PENSIONS

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.

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 25, 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 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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.16 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 Queen Elizabeth High School and Hexham Middle School to an 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 incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

1.17 AGENCY ARRANGEMENTS

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £501,000.

Land and buildings – Land is held under a 125 year lease from Northumberland County Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

Valuation of property – As the ESFA have not yet carried out a land and buildings valuation for the property on conversion, the Trustees have considered the other options available to them and have chosen to use the valuation used by the local authority prior to conversion. A third party valuation was considered but was not the Trustees' preferred option since the cost of such an exercise was deemed to be greater than the benefit that would have been derived from it. The Trustees were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations. Any material difference arising between the LA valuation and the forthcoming ESFA valuation will be assessed and, should the need arise in future financial statements, a prior year adjustment may be made to reflect the ESFA valuation.

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Total funds 2017 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|
| Transfer from local authority on conversion | (63) | (5,617) | 21,148 | 15,468 |
| Other donations | 23 | - | - | 23 |
| Capital Grants | - | - | 369 | 369 |
| Donated fixed assets | - | - | 72 | 72 |
| | (40) | (5,617) | 21,589 | 15,932 |

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Total funds 2017 £000 |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|
| DfE/ESFA grants | | | |
| General Annual Grant (GAG) | - | 7,652 | 7,652 |
| Pupil Premium | - | 203 | 203 |
| Other DfE/ESFA Grants | - | 46 | 46 |
| | - | 7,901 | 7,901 |
| Other government grants | | | |
| SEN | - | 184 | 184 |
| Other Government Grants | - | 1 | 1 |
| | - | 185 | 185 |
| | - | 8,086 | 8,086 |

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Total funds 2017 £000 |
|--------------------------|---------------------------------------|-------------------------------------|--------------------------------|
| Sundry income | 176 | - | 176 |
| Lettings | 91 | - | 91 |
| Uniform income | 4 | - | 4 |
| School Trips | 282 | - | 282 |
| Supply teacher insurance | 107 | - | 107 |
| Catering | 409 | - | 409 |
| | <u>1,069</u> | <u>-</u> | <u>1,069</u> |

5. INVESTMENT INCOME

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Total funds 2017 £000 |
|-------------------|---------------------------------------|-------------------------------------|--------------------------------|
| Investment income | <u>1</u> | <u>-</u> | <u>1</u> |

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

6. CHARITABLE ACTIVITIES

| | Total funds 2017 £000 |
|---|--------------------------------|
| DIRECT COSTS - EDUCATIONAL OPERATIONS | |
| Wages and salaries | 4,743 |
| National insurance | 440 |
| Pension cost | 939 |
| Educational supplies | 133 |
| Examination fees | 173 |
| Staff development | 4 |
| Other direct costs | 471 |
| | <hr/> 6,903 <hr/> |
| SUPPORT COSTS - EDUCATIONAL OPERATIONS | |
| Wages and salaries | 855 |
| National insurance | 55 |
| Pension cost | 216 |
| Depreciation | 501 |
| Net interest cost on pension scheme | 106 |
| Technology costs | 74 |
| Recruitment and support | 16 |
| Maintenance of premises and equipment | 144 |
| Cleaning | 30 |
| Rates | 92 |
| Energy | 159 |
| Insurance | 41 |
| Transport | 14 |
| Catering | 211 |
| Occupancy costs | 23 |
| Bank interest and charges | 1 |
| Other support costs | 101 |
| Governance costs | 47 |
| | <hr/> 2,686 <hr/> |
| | <hr/> 9,589 <hr/> |

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

7. EXPENDITURE

| | Staff costs 2017 £000 | Premises 2017 £000 | Other costs 2017 £000 | Total 2017 £000 |
|-----------------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------|
| Academy's educational operations: | | | | |
| Direct costs | 6,122 | - | 781 | 6,903 |
| Support costs | 1,126 | 967 | 593 | 2,686 |
| | <u>7,248</u> | <u>967</u> | <u>1,374</u> | <u>9,589</u> |

In 2017, of the total expenditure, £950,000 was to unrestricted funds, £8,138,000 was to restricted funds and £501,000 was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments during the year.

8. NET INTEREST COST ON PENSION SCHEME

| | 2017 £000 |
|--|--------------|
| Interest income on pension scheme assets | 31 |
| Interest on pension scheme liabilities | (137) |
| | <u>(106)</u> |

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £000 |
|---|--------------|
| Depreciation of tangible fixed assets: | |
| - owned by the charity | 501 |
| Auditors' remuneration - audit | 14 |
| Auditors' remuneration - other services | 4 |
| Operating lease rentals | 9 |

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

10. STAFF COSTS

Staff costs were as follows:

| | 2017 £000 |
|--|--------------|
| Wages and salaries | 5,397 |
| Social security costs | 495 |
| Operating costs of defined benefit pension schemes | 1,155 |
| | <hr/> |
| Apprenticeship levy | 7,047 |
| Supply staff costs - teaching | 5 |
| Staff restructuring costs | 172 |
| | <hr/> |
| | 24 |
| | <hr/> |
| | 7,248 |
| | <hr/> |

Included in operating costs of defined benefit pension schemes is a debit of £125,000 relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

| | 2017 £000 |
|--------------------|--------------|
| Severance payments | 24 |
| | <hr/> |

The average number of persons employed by the academy trust during the period was as follows:

| | 2017 No. |
|--------------------------|-------------|
| Teachers | 105 |
| Administration & Support | 125 |
| Management | 10 |
| | <hr/> |
| | 240 |
| | <hr/> |

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

| | 2017 No. |
|---------------------------------|-------------|
| In the band £60,001 - £70,000 | 1 |
| In the band £70,001 - £80,000 | 2 |
| In the band £100,001 - £110,000 | 1 |

The key management personnel of the academy trust comprise the Trustees and the executive officers as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £300,000.

HADRIAN LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

11. CENTRAL SERVICES

No central services were provided by the academy trust to its academies during the period and no central charges arose.

12. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Executive Head and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

| | | 2017 £000 |
|--|----------------------------|--------------|
| G Atkins (Executive Headteacher and Trustee) | Remuneration | 100-105 |
| | Pension contributions paid | 15-20 |
| B Hignett (Member of staff and Trustee) | Remuneration | 5-10 |
| | Pension contributions paid | 0-5 |

During the period, no Trustees received any benefits in kind.

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses.

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

14. TANGIBLE FIXED ASSETS

| | Long-term leasehold property £000 | Fixtures and fittings £000 | Computer equipment £000 | Motor vehicles £000 | Assets under construction £000 | Total £000 |
|---------------------------|--|----------------------------------|-------------------------------|---------------------------|---|---------------|
| COST | | | | | | |
| Additions | - | 117 | 28 | - | 74 | 219 |
| Transfer on conversion | 20,492 | 354 | 269 | 11 | - | 21,126 |
| At 31 August 2017 | 20,492 | 471 | 297 | 11 | 74 | 21,345 |
| DEPRECIATION | | | | | | |
| Charge for the period | 359 | 84 | 56 | 2 | - | 501 |
| At 31 August 2017 | 359 | 84 | 56 | 2 | - | 501 |
| NET BOOK VALUE | | | | | | |
| At 31 August 2017 | 20,133 | 387 | 241 | 9 | 74 | 20,844 |

15. STOCKS

| | |
|------------|--------------|
| | 2017 £000 |
| Cleaning | 3 |
| Catering | 5 |
| Stationery | 7 |
| | <u>15</u> |

16. DEBTORS

| | |
|--------------------------------|--------------|
| | 2017 £000 |
| VAT repayable | 178 |
| Prepayments and accrued income | 171 |
| | <u>349</u> |

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 £000 |
|------------------------------------|--------------|
| Trade creditors | 5 |
| Other taxation and social security | 42 |
| Other creditors | 563 |
| Accruals and deferred income | 498 |
| | <u>1,108</u> |

Included within other creditors is a loan of £45,000 from Education and Skills Funding Agency which is provided on the following terms:
Interest free loan repayable through GAG in monthly instalments of £3,771 from March 2017.

£000

DEFERRED INCOME

| | |
|------------------------------------|----|
| Resources deferred during the year | 51 |
|------------------------------------|----|

At the balance sheet date the academy trust was holding deferred income relating to funds received in advance for trips, school meals and lettings relating to the academic year 2017/18.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2017 £000 |
|-----------------|--------------|
| Other creditors | 68 |

Included within other creditors is a loan of £68,000 from Education and Skills Funding Agency which is provided on the following terms:
Interest free loan repayable through GAG in monthly instalments of £3,771 from March 2017.

19. STATEMENT OF FUNDS

| | Balance at 27 July 2016 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2017 £000 |
|---------------------------|------------------------------------|----------------|---------------------|-----------------------------|----------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| Unrestricted fund | - | 1,030 | (950) | - | - | 80 |

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

| | | | | | | |
|-------------------------------|---|---------|---------|------|-----|---------|
| General Annual Grant (GAG) | - | 7,652 | (7,473) | (69) | - | 110 |
| Pupil Premium | - | 203 | (203) | - | - | - |
| Other DfE/ESFA Grants | - | 46 | (46) | - | - | - |
| SEN | - | 184 | (184) | - | - | - |
| Other Government Grants | - | 1 | (1) | - | - | - |
| Loans Inherited On Conversion | - | (136) | - | 23 | - | (113) |
| Pension reserve | - | (5,481) | (231) | - | 890 | (4,822) |
| | - | 2,469 | (8,138) | (46) | 890 | (4,825) |

RESTRICTED FIXED ASSET FUNDS

| | | | | | | |
|------------------------------|---|--------|---------|------|-----|--------|
| Assets Donated On Conversion | - | 21,148 | (487) | (23) | - | 20,638 |
| ESFA Capital Grants | - | 369 | (3) | 23 | - | 389 |
| GAG Capital Expenditure | - | - | (6) | 46 | - | 40 |
| Other Government Grants | - | 72 | (5) | - | - | 67 |
| | - | 21,589 | (501) | 46 | - | 21,134 |
| Total restricted funds | - | 24,058 | (8,639) | - | 890 | 16,309 |
| Total of funds | - | 25,088 | (9,589) | - | 890 | 16,389 |

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

The General Annual Grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the academy trust sees fit to support deprived students.

Other DfE/ESFA Grants includes rates relief and other ESFA grants to be used for educational purposes.

SEN funding relates to special educational needs.

Other Government Grants includes LAC funding from the Local Authority.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 25.

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS (continued)

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

A transfer of £46,000 has been made to capital expenditure from GAG funding to reflect those items included within fixed assets which have been purchased using GAG monies.

A transfer of £23,000 was made from GAG to a loan inherited on conversion to reflect the loan repayments made during the year.

Unrestricted funds can be used for any purpose, at the discretion of the Trustees, within the objects of the academy trust.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £000 |
|---|-----------------------|
| Hexham Middle School | 66 |
| Queen Elizabeth High School | 11 |
| | <hr/> 77 |
| Total before fixed asset fund and pension reserve | |
| Restricted fixed asset fund | 21,134 |
| Pension reserve | (4,822) |
| | <hr/> 16,389 |
| Total | <hr/> <hr/> |

ANALYSIS OF ACADEMIES BY COST

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 2017 £000 |
|-----------------------------|--|---|---------------------------------|--|-----------------------|
| Hexham Middle School | 1,463 | 327 | 36 | 377 | 2,203 |
| Queen Elizabeth High School | 4,659 | 799 | 97 | 1,330 | 6,885 |
| | <hr/> 6,122 | <hr/> 1,126 | <hr/> 133 | <hr/> 1,707 | <hr/> 9,088 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Total funds 2017 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets | - | - | 20,844 | 20,844 |
| Current assets | 1,143 | 110 | 290 | 1,543 |
| Creditors due within one year | (1,063) | (45) | - | (1,108) |
| Creditors due in more than one year | - | (68) | - | (68) |
| Provisions for liabilities and charges | - | (4,822) | - | (4,822) |
| | <u>80</u> | <u>(4,825)</u> | <u>21,134</u> | <u>16,389</u> |

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2017 £000 |
|--|--------------|
| Net income for the year (as per Statement of Financial Activities) | 15,499 |
| Adjustment for: | |
| Depreciation charges | 501 |
| Dividends, interest and rents from investments | (1) |
| Increase in stocks | (15) |
| Increase in debtors | (349) |
| Increase in creditors | 1,063 |
| Capital grants from DfE and other capital income | (369) |
| Defined benefit pension scheme obligation inherited | 5,481 |
| Defined benefit pension scheme cost less contributions payable | 125 |
| Defined benefit pension scheme finance cost | 106 |
| Fixed assets from local authority on conversion | (21,126) |
| Donated fixed assets | (72) |
| Cash transferred on conversion | (253) |
| Net cash provided by operating activities | <u>590</u> |

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £000 |
|--------------|--------------|
| Cash in hand | 1,179 |
| Total | <u>1,179</u> |

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23. CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 Hexham Middle School and Queen Elizabeth High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hadrian Learning Trust from Northumberland County Council 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 value 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account.

Hexham Middle School

| | Unrestricted funds £000 | Restricted funds £000 | Restricted fixed asset funds £000 | Total funds £000 |
|--------------------------------|-------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | | | | |
| Leasehold buildings | - | - | 6,632 | 6,632 |
| - Other tangible fixed assets | - | - | 49 | 49 |
| Budget surplus on LA funds | 82 | - | 21 | 103 |
| LGPS pension surplus/(deficit) | - | (1,827) | - | (1,827) |
| | <u>82</u> | <u>(1,827)</u> | <u>6,702</u> | <u>4,957</u> |
| Net assets | | | | |

The above net assets include £114,000 that was transferred as cash.

Queen Elizabeth High School

| | Unrestricted funds £000 | Restricted funds £000 | Restricted fixed asset funds £000 | Total funds £000 |
|--------------------------------|-------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | | | | |
| Leasehold buildings | - | - | 13,860 | 13,860 |
| - Other tangible fixed assets | - | - | 585 | 585 |
| Budget (deficit) on LA funds | (145) | - | 1 | (144) |
| LGPS pension surplus/(deficit) | - | (3,654) | - | (3,654) |
| Borrowing obligations | - | (136) | - | (136) |
| | <u>(145)</u> | <u>(3,790)</u> | <u>14,446</u> | <u>10,511</u> |
| Net assets | | | | |

The above net assets includes £139,000 that was transferred as cash.

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NOTES TO THE FINANCIAL STATEMENTS
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24. CAPITAL COMMITMENTS

At 31 August 2017 the academy trust had capital commitments as follows:

| | |
|---|-------------------|
| | 2017 |
| | £000 |
| Contracted for but not provided in these financial statements | 353 |
| | <u> </u> |

25. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northumberland County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

As described in note 23 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £66,000 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- 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

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25. PENSION COMMITMENTS (continued)

- 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 16.48%. The TPS valuation for 2015 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £646,000.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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 assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £457,000, of which employer's contributions totalled £384,000 and employees' contributions totalled £73,000. The agreed contribution rates for future years are 19.30% for employers and 5.5 - 12.5% for employees.

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.

Principal actuarial assumptions:

| | 2017 |
|--|---------|
| Discount rate for scheme liabilities | 2.50 % |
| Rate of increase in salaries | 3.50 % |
| Rate of increase for pensions in payment / inflation | 2.00 % |
| Inflation assumption (CPI) | 2.00 % |
| Commutation of pensions to lump sums | 75.00 % |

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

| | 2017 |
|----------------------|------|
| Retiring today | |
| Males | 22.8 |
| Females | 24.9 |
| Retiring in 20 years | |
| Males | 25.0 |
| Females | 27.2 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

25. PENSION COMMITMENTS (continued)

| Sensitivity analysis | At 31 August 2017 £000 |
|--|---------------------------------------|
| Discount rate +0.1% | 6,637 |
| Discount rate -0.1% | 6,944 |
| Mortality assumption - 1 year increase | 6,586 |
| Mortality assumption - 1 year decrease | 6,994 |
| CPI rate +0.1% | 6,881 |
| CPI rate -0.1% | 6,698 |

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

| | Fair value at 31 August 2017 £000 |
|-------------------------------------|--|
| Equities | 1,324 |
| Property | 79 |
| Corporate bonds | 151 |
| Government bonds | 336 |
| Cash | 2 |
| Other | 75 |
| Total market value of assets | 1,967 |

The actual return on scheme assets was £192,000.

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2017 £000 |
|----------------------|----------------------|
| Current service cost | (509) |
| Interest income | 31 |
| Interest cost | (137) |
| Total | (615) |

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

| | 2017 £000 |
|---|----------------------|
| Upon conversion | 6,811 |
| Current service cost | 509 |
| Interest cost | 137 |
| Employee contributions | 73 |
| Actuarial (gains) / losses | (729) |
| Benefits paid | (12) |
| Closing defined benefit obligation | 6,789 |

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

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

| | 2017 £000 |
|-------------------------------------|--------------|
| Upon conversion | 1,330 |
| Interest income on assets | 31 |
| Actuarial gains / (losses) | 161 |
| Employer contributions | 384 |
| Employee contributions | 73 |
| Benefits paid | (12) |
| | <hr/> |
| Closing fair value of scheme assets | 1,967 |
| | <hr/> |

26. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £000 |
|-------------------------|--------------|
| AMOUNTS PAYABLE: | |
| Within 1 year | 11 |
| Between 1 and 5 years | 28 |
| | <hr/> |
| Total | 39 |
| | <hr/> |

27. 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 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.

Theatre Sans Frontiers Ltd - a charitable company in which S C Kemp (Trustee of the academy trust) is a freelance artistic director:

- The trust purchased a drama course for £60 from the charitable company during the period. There were no amounts outstanding at 31 August 2017.
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2016.

28. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £9,000 and disbursed £29,000 from the fund. An amount of £40,000 is included in other creditors relating to undistributed funds.