

Company Registration Number: 10299446 (England & Wales)

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

L Charlton  
D Hartland  
S Kitchman  
S Todd  
P Wood

**Trustees**

S Kitchman, Chair<sup>1</sup>  
D Hartland, Vice Chair/Parent Trustee  
G D Atkins, Executive Headteacher and Accounting Officer<sup>1</sup>  
C A Brown, Parent Trustee<sup>1</sup>  
K Chaplin  
B M Hignett  
J M Holmes  
V S Johnston  
S C Kemp

<sup>1</sup> 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  
J Andriot, Head of School (QE)  
S Sparke, Chief Financial Officer

**Independent auditors**

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

**HADRIAN LEARNING TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Trustees' report under company law.

The academy trust currently operates two schools in the Hexham area – Hexham Middle School and Queen Elizabeth High School. Its academies have a combined pupil capacity of 1,908 and had a roll of 1,742 in the school census in May 2019.

**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 operates as Hadrian Learning Trust. Details of the Trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Details of the Trustees who served during the year and to the date these accounts are approved 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 Executive Headteacher 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.

**HADRIAN LEARNING TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Structure, governance and management (continued)**

**Policies 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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Structure, governance and management (continued)**

**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.

**Trade union facility time**

The academy trust does not employ any relevant trade union officials.

**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 were three trivial related party purchase transactions totalling £2,000 which are reported in note 29 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, 159

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objectives and activities (continued)**

**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 2019 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.

**Strategic report**

**Achievements and performance**

**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;
- 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;
- Examination results.

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

**Going concern**

After making appropriate enquiries, the Board of Trustees 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 YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

**Educational Experience**

Both Queen Elizabeth High School and Hexham Middle School had a Section 8 short Ofsted inspection during academic year 2018-19. Each was assessed as continuing to be good.

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.

At Hexham Middle School, pupils participated in a variety of competitive sporting fixtures and events, including in football, rugby, cricket, netball, orienteering 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 – 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 National Marine Aquarium and the Centre for Life.

Educational visits included Newcastle University, Kirkley Hall, Gibside, Safety Works, Hexham Old Gaol, and one to Tynemouth as part of a literature initiative. There were two residential visits – to High Borrans and Kingswood outdoor education centres, and two trips abroad – a cultural visit to France and the annual ski trip.

Extra-curricular clubs included Latin, Japanese, computing, art, film, gardening, construction, card, comedy and dance and a whole host of sporting clubs. The launch of a new half-termly newsletter last year provided an excellent platform to highlight the extent of the opportunities available to pupils, as did the school's regular social media posts.

Extensive pupil leadership opportunities continued, including Head Pupils with Deputies, House Captains and Vice-Captains, Sports Leaders, Digital and Language Leaders, Parliament Representatives and Prefects.

Careers education, information, advice and guidance (CEIAG) continued to strengthen, building upon previous years' projects. Pupils were exposed to a range of meaningful encounters with a range of employers, further education and training providers, to help them understand more about the world of work and the possibilities of life-long learning. The school continued to work closely with North East Learning Enterprise Partnership to incorporate the eight Gatsby Benchmarks into school life. Pupils were exposed to CEIAG in each year group, which took the form of explicit teaching in PSHE, event days in school (including the annual Year 8 Careers Fair) and excursions. An independent careers advisor conducted a pilot round of interviews with a selection of Year 8 pupils, which will become a provision for all Year 8 pupils in 2019-20.

At Queen Elizabeth High School, extra-curricular and enrichment provision continued to be strong. Students participated in a wide range of competitive sporting events including football, rugby, cricket, netball and hockey, with some notable successes including the girls Under 15 Cricket Team, who won the North of England Outdoor Cricket Competition. The school's rowing club continued to have considerable success at various events throughout the rowing season, as did individual rowers.

Staff continued to offer a wide selection of opportunities in music, including boys' choir, girls' choir, choir, orchestra, folk group, wind band, jazz band, flute group, string ensemble, Northumbrian pipes and Brazilian drumming. Each ensemble features at various events throughout the year, such as the School Concert, Carols at the Abbey, and the Great North Run. Youth Theatre provided opportunities for students in the performing arts, with the annual production being 'We will rock you'.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

Other extra-curricular clubs included Christian Union, Human Rights, and Creative Writing. The fitness suite remains a popular choice for all year groups. We also saw the addition of a number of clubs including the Eco Society, Warhammer and Craft Club.

In addition to the above, students participated in a range of educational activities and visits throughout the year. Once again, students in Year 9 and 12 experienced the Samye Ling Tibetan Centre, with some Year 12 students visiting the Tashi Lumpho monastery in India. Year 11 geographers went on their field trip, while the Year 12s spent a week out on a residential. English students had the opportunity to visit a number of theatres to see various productions linked to their studies and the sixth form visited Newcastle University's School of English Literature, Language and Linguistics. Other events this year included the Egger visit, Tutor 2U revision day, annual MFL trips and exchange visits, a Beamish trip and ski trips.

All departments offered drop-in or revision sessions for students. Many offered these throughout the year and had sessions for different year groups as well as sessions at lunchtime to cater for those who travel to school by bus.

The preparation of students for their next steps was considerable, and involved a stepping up of provision from an already strong position, as we focused more sharply on the Gatsby careers education benchmarks. These outline expectations around careers information, advice and guidance that are seen as the gold standard, and schools are tasked with achieving them by 2020.

Great strides were made towards these benchmarks last year. Some highlights included collecting 150 inspiring alumni profiles, enhanced careers in the curriculum with training for all staff by a careers working party, parental support for university/apprenticeship applications and a very positive World of Work day for new Year 11 students. In addition, our ongoing activity included provision of one-to-one careers advice and guidance, 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 jobs fair, visits to Newcastle College, a visit to Egger, involvement with the Raising Aspirations Partnership, and attendance at the UCAS convention and Oxbridge conference. Year 12 students had the opportunity to go on work experience.

**Capital Projects**

Projects resulting from the Trust's successful bids to the ESFA's Condition Improvement Fund (CIF) were completed over the course of the year.

No new CIF bids were made as plans to refurbish and re-build both schools continued to be developed in partnership with Northumberland County Council and the ESFA. It is anticipated that the £36m project will be delivered by September 2021.

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, safety improvements and upgrade of ICT facilities.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Achievements and performance**

**Provisional Key Stage 2 Outcomes**

	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019*</b>	
<b>KS2</b>	<b>HMS</b>	<b>National</b>	<b>HMS</b>	<b>National</b>	<b>HMS</b>	<b>National</b>	<b>HMS</b>	<b>National</b>
<b>RWM combined</b>								
Expected standard	54%	53%	73%	61%	76%	64%	77%	65%
High standard	13%	5%	19%	9%	18%	10%	17%	11%
<b>Reading</b>								
Expected standard	71%	66%	82%	72%	82%	75%	82%	73%
High standard	35%	19%	41%	25%	42%	28%	35%	27%
<b>Writing</b>								
Expected standard	90%	74%	86%	76%	90%	78%	89%	78%
High standard	23%	15%	26%	18%	30%	20%	29%	20%
<b>EGPS</b>								
Expected standard	82%	72%	86%	77%	85%	78%	87%	78%
High standard	35%	22%	41%	31%	43%	34%	33%	36%
<b>Maths</b>								
Expected standard	64%	70%	77%	75%	79%	76%	87%	79%
High standard	22%	17%	34%	23%	37%	24%	30%	27%

\*Provisional/unvalidated data

In 2019, the percentage of pupils reaching the expected standard in the combined Reading, Writing and Mathematics (RWM) measure has shown a four-year upward trend, from 54% in 2016 to 77% in 2019, the latter well above the provisional national figure of 65%. The proportion reaching the higher standard in 2019 is 17%, marginally down compared with the past two years but up from 13% in 2016. The provisional national figure for 2019 is 11%.

In Reading, 82% reached the expected standard, as was the case in the preceding two years, up from 71% in 2016. The provisional national figure for reading is 73%, which is lower than the year before. 35% reached the higher standard in 2019, down from 42% in 2018 but well above the provisional national figure of 27%.

In Writing, 89% reached the expected standard, compared with 90% in 2018, with the provisional national figure being 78%. 29% reached the higher standard, marginally down from 30% 2018. The provisional national figure is 20%.

In English Grammar, Punctuation and Spelling (EGPS), 87% reached the expected standard, up from 85% in 2018, and higher than the provisional 2018 national figure of 78%. 33% reached the higher standard, down from 43% in 2018 and below the provisional 2019 national figure of 36%.

Mathematics shows a strong four-year upward trend, increasing from 64% in 2016 to 87% in 2019, well above the provisional national figure of 79%. 30% reached the higher standard, down from 37% in 2018 but above the provisional 2019 national figure of 27%.

**HADRIAN LEARNING TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

**Provisional Key Stage 4 Outcomes**

	2016		2017		2018		2019	
<b>KS4</b>	<b>QEHS</b>	<b>Nat</b>	<b>QEHS</b>	<b>Nat</b>	<b>QEHS</b>	<b>Nat</b>	<b>QEHS</b>	<b>Nat</b>
Progress 8	0.31	0	0.53	0	0.64	0	0.34	0
Attainment 8	55.9	48.5	53.9	44.2	57.1	44.3	53.2	46.6
%9-5 Eng & maths	N/a	N/a	63%	39.1%	68%	39.9%	59%	43%
%EBacc	39%	23.1%	28%	19.5%	4.91 APS	3.63 APS	4.54 APS	4.07 APS
%A*-C/9-4 English and maths	80%	59.3%	79%	63.3%	80%	64%	76%	tbc

\*Provisional / unvalidated data

The 2019 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 provisional Progress 8 score for Queen Elizabeth High School in 2019 is +0.34, down from +0.64 in 2018 but still well above the national average and indicating that the cohort performed on average a third of a grade better than their peers nationally with similar starting points. The percentage of students gaining strong passes (grades 9 to 5) in both English and mathematics is 59%, down from 68% in 2018 but still well above the provisional national figure for state schools of 43%. 19% of the total Year 11 cohort entered the EBacc and achieved an average point score (APS) of 4.54, above the national figure of 4.06 but down slightly on the 2018 figure. The school's Attainment 8 score is 53.2, down from 57.1 in 2018 but well above the provisional 2019 national figure of 46.5. 76% of students gained 9-4 grade passes in English and mathematics in 2019, compared with 80% in 2018. The provisional national figure is yet to be published.

With regards to destinations, provisional data for 2019 indicates that 69% of Year 11 progressed to sixth form study, 20% went onto further education at college, 7% went onto apprenticeships and 3% progressed to other activity, such as ballet school. 1% is not in education, employment or training at the time of writing.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

**Provisional Key Stage 5 Outcomes**

	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019*</b>	
<b>16-19</b>	<b>QEHS</b>	<b>National</b>	<b>QEHS</b>	<b>National</b>	<b>QEHS</b>	<b>National</b>	<b>QEHS</b>	<b>National</b>
<b>A Level</b>								
Average points score per entry	35.78	31.79	40.44	32.12	40.78	33.33	39.41	33.77
Average grade	B-	C+	B	C+	B	C+	B	C+
Value added	+0.09	0	+0.16	0	+0.19	0	+0.04	0
<b>Applied General</b>								
Average points score per entry	43.01	34.7	42.58	35.73	31.7	28.47	35.51	28.43
Average grade	Dist*-	Dist	Dist*-	Dist	Dist-	Merit+	Dist-	Merit+
Value added	+0.28	0	+0.08	0	+0.07	0	+0.29	0

\*Provisional/unvalidated data

At A Level, the average point score per entry (APS) in 2019 is 39.41, broadly similar to that of 2018, and higher than the national figure. Expressed as a grade, the APS is Grade B, above the expected national average grade of C+. The progress figure is +0.08 (A Level 0.04, Applied General 0.29).

For Applied General students, the APS is 35.51, up on the figure from the year before and higher than the national average. The average grade for Applied General students in 2019 is Distinction-, higher than the expected national grade of Merit+. The progress figure is yet to be provided.

With regards to destinations, 65% of the 2019 cohort progressed to university, 11% are applying for a university place this year, 5% went into employment, 7% went onto an art foundation course and 1% began apprenticeships, with 5% taking a gap year. The destinations of 6% of the cohort remain unknown at the time of writing.

**HADRIAN LEARNING TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Financial review**

**Principal funding**

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 year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown under 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 year ended 31 August 2019, total expenditure of £9,555,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The in-year surplus, excluding the pension reserve and restricted fixed asset funds, was £707,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2019, the net book value of fixed assets was £21,247,000 and movements in tangible fixed assets are shown in note 15 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 LGPS pension scheme, resulting in a deficit of £6,293,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2019 of £16,165,000 comprising £838,000 of restricted general funds, £21,331,000 of restricted fixed asset funds, a pension deficit of £6,293,000 and £289,000 of unrestricted funds.

**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 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 (£800,000) across the academy trust.

The academy trust's current level of free reserves are in surplus by £289,000. The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31 August 2019 is a net surplus of £1,127,000 and therefore is considered to be above the level of reserves required for the ongoing needs of the academy trust. The Trustees continue to consider additional activities related to the academy trust's objectives to which the 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.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Financial review (continued)**

**Investment policy**

The academy trust invests surplus funds through cash deposits at market rates accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

**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.

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.

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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 Trustees
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
18	Unfunded building maintenance issues
19	New build

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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				3, 7	1
	2. Unlikely			12, 15, 17	4, 5, 16	8, 9
	3. Moderately likely			14, 18	6, 10, 12	11
	4. Very likely; regular			2, 13		
	5. Extremely likely					

**KEY**

Low risk	
Medium risk	
High risk	

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.

### Employee Consultation

In 2018-19, Trustees and senior leaders met with small groups of staff to consider, amongst other things, teacher workload. Various changes in approach have emerged from this that are being implemented in 2019-20, to be reviewed later in the year.

### Fundraising

Hadrian Learning Trust aims to ensure that education in school is free. Various fundraising activities are carried out for the benefit of our students and the wider community, including:

- requesting voluntary donations from parents to contribute to the cost of a wide range of activities including school trips, educational activities and departmental resources as well as general contributions to school funds
- student-led activity, such as supermarket bag-packing, cake stalls and activity sponsorship, used to purchase equipment and contribute to the running of school trips or clubs
- cash and other collections from students to donate to local and national charitable organisations (such as non-uniform days and food bank collections)
- Hexham Middle School benefits from donations to support school purchases from its Parent Teacher Association, which raises monies through holding a range of activities and events.

The Trust also seeks to raise additional funds to invest in education through ad hoc grant applications (including applications to supermarket 'token' funding initiatives) and facilities lettings.

**HADRIAN LEARNING TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Fundraising (continued)**

All fundraising activities conform to Charity Commission guidelines. Hadrian Learning Trust does not use professional fundraisers or involve commercial participators, and care is taken to ensure that request for donations are not unreasonably intrusive or persistent. There have been no complaints about fundraising activity this year.

**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 order to support the above objectives, the Trust has worked closely with Northumberland County Council and the ESFA to develop plans to refurbish and rebuild both schools on the QEHS site. This follows broad support by our stakeholders for investment in our schools' estate during the consultations which have taken place in recent years. At the time of writing, the project has been submitted for planning permission. The Trust also intends to seek approval from the Regional Schools Commissioner for the relocation of HMS to the Whetstone Bridge Road site. Subject to the necessary approvals, it is anticipated that this £36m project will be delivered by September 2021.

In the view of the Trust, this major investment in co-located Middle and High Schools will result in educational, operational and financial benefits. For example, teachers can work more closely together, sharing best practice in a learning environment that is fit for purpose. Students at both schools can enjoy better facilities, including for the arts and sport, than they would get on separate sites. Running a single site is more efficient and cost effective, allowing budgets to be focused on delivering at the educational front line. The Trust also welcomes the fact that the plans restore the Grade II-listed Hydro Building and its magnificent setting in the landscape.

This is a historic opportunity for the community of Hexham and the surrounding area. This is only the fourth time since QEHS received its royal charter in 1599 that there has been a new school built.

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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 11 December 2019 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 Executive Headteacher, 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 10 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
S Kitchman, Chair	10	10
D Hartland, Vice Chair/Parent Trustee	10	10
G D Atkins, Executive Headteacher and Accounting Officer	10	10
C A Brown, Parent Trustee	9	10
K Chaplin	7	10
B M Hignett	9	10
J M Holmes	7	10
V S Johnston	6	10
S C Kemp	9	10

The Trust Board reviewed its governance arrangements during the year. It concluded that structures and processes were effective and met the requirements of the Academies' Financial Handbook.

During the year, the Trust Board agreed a number of changes to the Governance Framework and Scheme of Delegation, which set out governance arrangements in detail.

There were no changes to the membership of the Board during the course of the year.

The Trust Board will continue to evaluate the effectiveness of governance arrangements during 2019-20

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. 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 during the year at meetings was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C A Brown, Chair	4	4
G D Atkins, Executive Headteacher and Accounting Officer	4	4
S Kitchman	4	4

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money**

As Accounting Officer, the Executive Headteacher 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:

Using recognised curriculum and financial planning approaches to ensure efficient spend on staffing

Since 2014, the teaching staff full-time equivalent (FTE) total has reduced from 103.4 FTE to 94.2 FTE. Outcomes at both schools have improved over this period. Benchmarking analysis indicates that each is typically at the low end of spending across most measures compared with similar schools. Efficient and effective expenditure on staffing is a product of basing our approach on recognised curriculum and financial planning techniques, which indicate 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 and staff are committed to improving provision so that outcomes for pupils and students continue to get better. Our main professional development activity centres around low-cost teacher learning communities that follow the SSAT Embedding Formative Assessment programme, which is based on the work of Dylan Wiliam. In addition to this, staff continue to seek 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.

Financial benchmarking

We use a number of benchmarking resources to review the financial efficiency of our schools, and to benchmark our financial expenditure and position. These resources include the academy benchmarking reports published by a number of audit and accountancy firms, and the Department for Education's suite of school resource management tools.

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:

<u>Value</u>	<u>Approval</u>	<u>Best value process</u>
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 £5,000 – a price must be obtained prior to placing an order and consideration given to sourcing alternative quotations

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 year 1 September 2018 to 31 August 2019 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The risk and control framework**

The 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 external 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:

- bank payments
- Pupil Premium
- census data, HR & staffing
- procedures for ensuring regularity and compliance
- safeguarding and website compliance were also reviewed

On a termly basis, the external 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 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 Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- 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 11 December 2019 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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  
Date: 11 December 2019

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who 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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis.

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 11 December 2019 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 (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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

**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 Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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

**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement, 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.

**Auditors' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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  
County Durham  
DL3 7RT

11 December 2019

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hadrian Learning Trust during the year 1 September 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

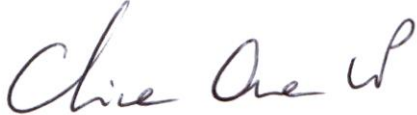
- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- 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 registers 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;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in dark ink, appearing to read 'Clive Owen' followed by a stylized initial or flourish.

**Clive Owen LLP**  
Reporting Accountant  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

Date: 11 December 2019

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>						
Donations and capital grants	3	21	-	87	108	1,182
Charitable activities	4	677	8,295	-	8,972	8,738
Other trading activities	5	318	-	-	318	283
Investments	6	9	-	-	9	4
<b>Total income</b>		<u>1,025</u>	<u>8,295</u>	<u>87</u>	<u>9,407</u>	<u>10,207</u>
<b>Expenditure on:</b>						
Charitable activities:	7					
Academy trust educational operations		920	8,198	581	9,699	9,350
Exceptional item		-	(144)	-	(144)	-
<b>Total expenditure</b>		<u>920</u>	<u>8,054</u>	<u>581</u>	<u>9,555</u>	<u>9,350</u>
<b>Net movement in funds before other recognised gains/(losses)</b>		<u>105</u>	<u>241</u>	<u>(494)</u>	<u>(148)</u>	<u>857</u>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	27	-	(1,519)	-	(1,519)	586
<b>Net movement in funds</b>		<u>105</u>	<u>(1,278)</u>	<u>(494)</u>	<u>(1,667)</u>	<u>1,443</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		184	(4,177)	21,825	17,832	16,389
Net movement in funds		105	(1,278)	(494)	(1,667)	1,443
<b>Total funds carried forward</b>		<u>289</u>	<u>(5,455)</u>	<u>21,331</u>	<u>16,165</u>	<u>17,832</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 33 to 61 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	15	21,247	21,044
		<u>21,247</u>	<u>21,044</u>
<b>Current assets</b>			
Stocks	16	15	21
Debtors	17	394	766
Cash at bank and in hand		1,879	2,414
		<u>2,288</u>	<u>3,201</u>
Creditors: amounts falling due within one year	18	(1,069)	(1,969)
<b>Net current assets</b>		<u>1,219</u>	<u>1,232</u>
<b>Total assets less current liabilities</b>		<u>22,466</u>	<u>22,276</u>
Creditors: amounts falling due after more than one year	19	(8)	(31)
<b>Net assets excluding pension liability</b>		<u>22,458</u>	<u>22,245</u>
Defined benefit pension scheme liability	27	(6,293)	(4,413)
<b>Total net assets</b>		<u><u>16,165</u></u>	<u><u>17,832</u></u>
<b>Funds of the academy trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	20	21,331	21,825
Restricted income funds	20	838	236
		<u>22,169</u>	<u>22,061</u>
Restricted funds excluding pension asset	20	22,169	22,061
Pension reserve	20	(6,293)	(4,413)
<b>Total restricted funds</b>	20	<u>15,876</u>	<u>17,648</u>
<b>Unrestricted income funds</b>	20	289	184
<b>Total funds</b>		<u><u>16,165</u></u>	<u><u>17,832</u></u>

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

The financial statements on pages 29 to 61 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:

A handwritten signature in dark ink, appearing to read 'S Kitchman', with a stylized, flowing script.

S Kitchman  
Chair

The notes on pages 33 to 61 form part of these financial statements.

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	9	831
<b>Cash flows from investing activities</b>	24	(499)	441
<b>Cash flows from financing activities</b>	23	(45)	(37)
<b>Change in cash and cash equivalents in the year</b>		(535)	1,235
Cash and cash equivalents at the beginning of the year		2,414	1,179
<b>Cash and cash equivalents at the end of the year</b>	25	<u>1,879</u>	<u>2,414</u>

The notes on pages 33 to 61 form part of these financial statements

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hadrian Learning Trust meets the definition of a public benefit entity under 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 the funders where the asset acquired or created is held for a specific purpose.

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

**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**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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**

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

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.3 Income (continued)**

• **Other income**

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 academy 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.

• **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

**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.

**1.6 Tangible fixed assets**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

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:

Leasehold buildings	- Over 50 years
Leasehold land	- Not depreciated
Furniture and equipment	- Over 5 years
Motor vehicles	- Over 5 years
Computer 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 and reclassified to freehold or leasehold land and buildings.

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 institution with whom the funds are deposited.

**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.

**HADRIAN LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**1. Accounting policies (continued)**

**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 bases 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 17. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. 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. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

**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 Part 11, chapter 3 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**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.16 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 academy trust does not have control over the charitable application of the funds. The academy 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 YEAR ENDED 31 AUGUST 2019**

**2. Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 £576,000.

Critical areas of judgement:

There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £200,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £29,000 which has been assessed to be immaterial to the financial statements.

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 trust due to the significant risks and rewards of ownership belonging to the academy trust, 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 trust could use them without major modification.

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**3. Income from donations and capital grants**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	21	-	21	24
Capital Grants	-	87	87	1,158
<b>Total 2019</b>	<u>21</u>	<u>87</u>	<u>108</u>	<u>1,182</u>
Total 2018	<u>24</u>	<u>1,158</u>	<u>1,182</u>	

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**4. Funding for the academy educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	7,754	7,754	7,608
Pupil Premium	-	221	221	214
PE and Sport Premium	-	18	18	19
Rates	-	37	37	36
Year 7 Catch Up	-	1	1	1
Other DfE Group grants	-	78	78	-
	-	8,109	8,109	7,878
<b>Other government grants</b>				
SEN	-	172	172	177
Local Authority grants	-	8	8	12
	-	180	180	189
<b>Other income</b>				
Non Government grants	-	6	6	-
Student Trips	248	-	248	243
Student Catering	429	-	429	428
	677	6	683	671
<b>Total 2019</b>	<b>677</b>	<b>8,295</b>	<b>8,972</b>	<b>8,738</b>
<b>Total 2018</b>	<b>671</b>	<b>8,067</b>	<b>8,738</b>	

**HADRIAN LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**5. Income from other trading activities**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	97	97	89
Receipts from Supply Teacher Insurance claims	36	36	18
RPA Claims	22	22	18
Other	163	163	158
<b>Total 2019</b>	<b>318</b>	<b>318</b>	<b>283</b>

In 2018, of the total income from other trading activities, £282,000 was to unrestricted funds and £Nil was to restricted funds

**6. Investment income**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	9	9	4

In 2018, of the total income from Investment income, £4,000 was to unrestricted funds and £nil was to restricted funds.

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**7. Expenditure**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	6,107	-	768	6,875	6,619
Allocated support costs	1,204	934	686	2,824	2,731
Other expenditure:					
Exceptional item	-	(144)	-	(144)	-
<b>Total 2019</b>	<u>7,311</u>	<u>790</u>	<u>1,454</u>	<u>9,555</u>	<u>9,350</u>
<b>Total 2018</b>	<u>7,019</u>	<u>909</u>	<u>1,422</u>	<u>9,350</u>	

In 2019, of the total expenditure, £920,000 (2018 : £878,000) was to unrestricted funds, £8,054,000 (2018 : £7,951,000) was to restricted funds and £581,000 (2018 : £521,000) was to restricted fixed asset funds.

Further details of the exceptional item are outlined in note 14.

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

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

There were no ex-gratia payments during the year.

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	6,875	2,824	9,699	9,350
Exceptional item	-	(144)	(144)	-
<b>Total 2019</b>	<u>6,875</u>	<u>2,680</u>	<u>9,555</u>	<u>9,350</u>
Total 2018	<u>6,619</u>	<u>2,731</u>	<u>9,350</u>	

**HADRIAN LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	6,107	5,876
Educational supplies	196	164
Examination fees	171	176
Technology costs	3	3
Educational consultancy	74	73
Supply insurance	55	61
Other costs	269	266
<b>Total 2019</b>	<u>6,875</u>	<u>6,619</u>

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	118	116
Staff costs	1,204	1,143
Depreciation	576	521
Staff development	23	27
Technology costs	95	100
Staff expenses	2	2
Transport	13	10
Maintenance of premises	93	89
Cleaning	9	9
Other premises costs	(48)	112
Energy	147	156
Rent & rates	36	40
RPA fees	42	43
Catering	224	228
Operating lease rentals	11	11
Other costs	88	90
Governance costs	47	34
	<u>2,680</u>	<u>2,731</u>

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	11	11
Depreciation of tangible fixed assets	576	521
Fees paid to auditors for:		
- audit	12	12
- other services	5	5
	<u>594</u>	<u>549</u>

**HADRIAN LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	5,322	5,261
Social security costs	489	490
Pension costs	1,267	1,066
	<hr/> 7,078	<hr/> 6,817
Agency staff costs	226	166
Staff restructuring costs	7	36
	<hr/> 7,311	<hr/> 7,019
	<hr/> <hr/>	<hr/> <hr/>

Included in operating costs of defined benefit pension schemes is a debit of £243,000 (2018 : £61,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	1	11
Severance payments	6	25
	<hr/> 7	<hr/> 36
	<hr/> <hr/>	<hr/> <hr/>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non statutory/non-contractual severance payments totalling £6,000 (2018: £Nil). Individually, the payments were: £6,000.

**c. Staff numbers**

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

	2019 No.	2018 No.
Teachers	102	103
Administration & Support	123	121
Management	11	9
	<hr/> 236	<hr/> 233
	<hr/> <hr/>	<hr/> <hr/>

**HADRIAN LEARNING TRUST**  
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FOR THE YEAR ENDED 31 AUGUST 2019**

**10. Staff costs (continued)**

**d. Higher paid staff**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

**e. Key management personnel**

Staff numbers above include 11 management personnel, only 3 of which are included in key management personnel as the rest are classified as mid management and are not involved in decision making for the academy trust. 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 £306,000 (2018 : £289,000).

**11. Central services**

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

**12. Trustees' and Officers' insurance**

The academy trust has opted into the Department of 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 membership.

**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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

	2019 £000	2018 £000
G Atkins (Executive Headteacher and Trustee) Remuneration	105 - 110	100 - 105
Pension contributions paid	15 - 20	15 - 20
Backdated pay progression	0 - 5	
B Hignett (Member of staff and Trustee) Remuneration	5 - 10	5 - 10
Pension contributions paid	0 - 5	0 - 5

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**13. Trustees' remuneration and expenses (continued)**

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the period ended 31 August 2019, no Trustees received any reimbursement of expenses.

**14. Exceptional items**

	2019 £000	2018 £000
Release of historical water rates accrual	144,000	-

**15. Tangible fixed assets**

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 September 2018	20,492	511	310	11	742	22,066
Additions	721	34	28	-	-	783
Disposals	-	-	(9)	-	-	(9)
Transfers between classes	742	-	-	-	(742)	-
At 31 August 2019	21,955	545	329	11	-	22,840
<b>Depreciation</b>						
At 1 September 2018	719	183	116	4	-	1,022
Charge for the year	406	105	63	2	-	576
On disposals	-	-	(5)	-	-	(5)
At 31 August 2019	1,125	288	174	6	-	1,593
<b>Net book value</b>						
At 31 August 2019	20,830	257	155	5	-	21,247
At 31 August 2018	19,773	328	194	7	742	21,044

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**16. Stocks**

	2019 £000	2018 £000
Cleaning	1	2
Catering	5	7
Stationery	9	12
	<u>15</u>	<u>21</u>

**17. Debtors**

	2019 £000	2018 £000
VAT recoverable	168	474
Prepayments and accrued income	224	274
Other debtors	2	18
	<u>394</u>	<u>766</u>

**18. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	111	259
Other taxation and social security	39	81
Other creditors	560	1,145
Accruals and deferred income	359	484
	<u>1,069</u>	<u>1,969</u>

Included within other creditors are loans of £23,000 and £1,000 from Education and Skills Funding Agency which are provided on the following terms:

Interest free loan repayable through GAG in monthly instalments of £3,771 from March 2017.

Salix loan repayable through Condition Improvement Fund in monthly instalments of £74, the commencement date of repayments is yet to be confirmed with the ESFA.

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**18. Creditors: Amounts falling due within one year (continued)**

	2019 £000	2018 £000
	2019 £000	2018 £000
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2018	97	51
Resources deferred during the year	138	97
Amounts released from previous periods	(97)	(51)
<b>Deferred income at 31 August 2019</b>	<u>138</u>	<u>97</u>

At the balance sheet date the academy trust was holding deferred income relating to funds received in advance for trips, school meals, rates relief and facility hire relating to the academic year 2019/20.

**19. Creditors: Amounts falling due after more than one year**

	2019 £000	2018 £000
Other creditors	<u>8</u>	<u>31</u>

Included within other creditors are loans of £8,000 from Education and Skills Funding Agency which are provided on the following terms:

Salix loan repayable through Capital Improvement Fund in monthly instalments of £74, the commencement date of repayments is yet to be confirmed with the ESFA.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**20. Statement of funds**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>					
Unrestricted fund	184	1,025	(920)	-	289
<b>Restricted general funds</b>					
General Annual Grant (GAG)	309	7,754	(7,199)	-	864
Pupil Premium	-	221	(221)	-	-
Other DfE/ESFA grants	4	134	(133)	-	5
SEN	-	172	(172)	-	-
Loans Inherited On Conversion	(68)	-	45	-	(23)
Other loans	(9)	-	-	-	(9)
Other government grants	-	8	(8)	-	-
Non government grants	-	6	(5)	-	1
Pension reserve	(4,413)	-	(361)	(1,519)	(6,293)
	<u>(4,177)</u>	<u>8,295</u>	<u>(8,054)</u>	<u>(1,519)</u>	<u>(5,455)</u>
<b>Restricted fixed asset funds</b>					
Assets Donated On Conversion	20,151	-	(489)	-	19,662
ESFA Capital grants	1,543	87	(58)	-	1,572
GAG Capital Expenditure	78	-	(19)	-	59
Donations	53	-	(15)	-	38
	<u>21,825</u>	<u>87</u>	<u>(581)</u>	<u>-</u>	<u>21,331</u>
<b>Total Restricted funds</b>	<u>17,648</u>	<u>8,382</u>	<u>(8,635)</u>	<u>(1,519)</u>	<u>15,876</u>
<b>Total funds</b>	<u>17,832</u>	<u>9,407</u>	<u>(9,555)</u>	<u>(1,519)</u>	<u>16,165</u>

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 including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support disadvantaged students.

Other DfE/ESFA revenue grants relate to PE and Sport Premium, Rates Relief, Year 7 Catch Up, Teachers' Pay Grant and other ESFA grants to be used for educational purposes.

Other Government grants relate to Local Authority Pupil Premium.

SEN is additional funding for pupils with special educational needs.

**HADRIAN LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Statement of funds (continued)**

Non Government grants relate to donations received from the Tesco Bags of Help scheme.

Other loans relate to a salix loan received to fund energy efficient capital expenditure.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 27.

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.

Unrestricted funds include the income from school trips, catering and hire of facilities with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Hexham Middle School	470	174
Queen Elizabeth High School	657	246
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,127	420
Restricted fixed asset fund	21,331	21,825
Pension reserve	(6,293)	(4,413)
	<hr/>	<hr/>
<b>Total</b>	<b>16,165</b>	<b>17,832</b>
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**Total cost analysis by academy**

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£000	£000	£000	£000	£000	£000
Hexham Middle School	1,386	363	63	328	2,140	2,139
Queen Elizabeth High School	4,721	841	133	1,144	6,839	6,690
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Academy trust</b>	<b>6,107</b>	<b>1,204</b>	<b>196</b>	<b>1,472</b>	<b>8,979</b>	<b>8,829</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**20. Statement of funds (continued)**

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
Unrestricted fund	80	982	(878)	-	-	184
<b>Restricted general funds</b>						
General Annual Grant (GAG)	110	7,608	(7,355)	(54)	-	309
Pupil Premium	-	226	(226)	-	-	-
Other DfE/ESFA grants	-	56	(52)	-	-	4
SEN	-	177	(177)	-	-	-
Loans Inherited On Conversion	(113)	-	45	-	-	(68)
Other loans	-	-	(9)	-	-	(9)
Pension reserve	(4,822)	-	(177)	-	586	(4,413)
	<u>(4,825)</u>	<u>8,067</u>	<u>(7,951)</u>	<u>(54)</u>	<u>586</u>	<u>(4,177)</u>
<b>Restricted fixed asset funds</b>						
Assets Donated On Conversion	20,638	-	(487)	-	-	20,151
ESFA Capital grants	389	1,158	(4)	-	-	1,543
GAG Capital Expenditure	40	-	(16)	54	-	78
Donations	67	-	(14)	-	-	53
	<u>21,134</u>	<u>1,158</u>	<u>(521)</u>	<u>54</u>	<u>-</u>	<u>21,825</u>
<b>Total Restricted funds</b>	<u>16,309</u>	<u>9,225</u>	<u>(8,472)</u>	<u>-</u>	<u>586</u>	<u>17,648</u>
<b>Total funds</b>	<u><u>16,389</u></u>	<u><u>10,207</u></u>	<u><u>(9,350)</u></u>	<u><u>-</u></u>	<u><u>586</u></u>	<u><u>17,832</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	21,247	21,247
Current assets	411	1,793	84	2,288
Creditors due within one year	(122)	(947)	-	(1,069)
Creditors due in more than one year	-	(8)	-	(8)
Provisions for liabilities and charges	-	(6,293)	-	(6,293)
<b>Total</b>	<b>289</b>	<b>(5,455)</b>	<b>21,331</b>	<b>16,165</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	21,044	21,044
Current assets	184	2,236	781	3,201
Creditors due within one year	-	(1,969)	-	(1,969)
Creditors due in more than one year	-	(31)	-	(31)
Provisions for liabilities and charges	-	(4,413)	-	(4,413)
<b>Total</b>	<b>184</b>	<b>(4,177)</b>	<b>21,825</b>	<b>17,832</b>

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

	2019 £000	2018 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(148)	857
<b>Adjustments for:</b>		
Loss on disposal	4	-
Depreciation	576	521
Capital grants from DfE and other capital income	(275)	(1,158)
Interest receivable	(9)	(4)
Defined benefit pension scheme cost less contributions payable	243	61
Defined benefit pension scheme finance cost	118	79
Decrease/(increase) in stocks	6	(6)
Decrease/(increase) in debtors	372	(417)
(Decrease)/increase in creditors	(878)	898
<b>Net cash provided by operating activities</b>	<b>9</b>	<b>831</b>

**23. Cash flows from financing activities**

	2019 £000	2018 £000
Repayments of borrowing	(45)	(37)
<b>Net cash used in financing activities</b>	<b>(45)</b>	<b>(37)</b>

**24. Cash flows from investing activities**

	2019 £000	2018 £000
Dividends, interest and rents from investments	9	4
Purchase of tangible fixed assets	(783)	(721)
Capital grants from DfE Group	275	1,158
<b>Net cash (used in)/provided by investing activities</b>	<b>(499)</b>	<b>441</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. Analysis of cash and cash equivalents**

	2019 £000	2018 £000
Cash in hand	1,879	2,414
<b>Total cash and cash equivalents</b>	<b>1,879</b>	<b>2,414</b>

**26. Capital commitments**

	2019 £000	2018 £000
Contracted for but not provided in these financial statements	-	712

**27. Pension commitments**

The academy trust's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

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

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

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**27. Pension commitments (continued)**

**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 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was published by the Department for Education on 5 March 2016. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £611,000 (2018 - £618,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £494,000 (2018 - £465,000), of which employer's contributions totalled £413,000 (2018 - £389,000) and employees' contributions totalled £ 81,000 (2018 - £76,000). 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.

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**27. Pension commitments (continued)**

**Principal actuarial assumptions**

	2019 %	2018 %
Rate of increase in salaries	3.60	3.50
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.10	2.00
Commutation of pensions to lump sums	75.00	75.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	25.7	27.3

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	9,301	6,796
Discount rate -0.1%	9,730	7,110
Mortality assumption - 1 year increase	9,190	6,751
Mortality assumption - 1 year decrease	9,840	7,152
CPI rate +0.1%	9,642	7,045
CPI rate -0.1%	9,386	6,858

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**27. Pension commitments (continued)**

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	2,102	1,688
Corporate bonds	235	187
Property	119	101
Government bonds	596	462
Cash	10	-
Other	158	100
<b>Total market value of assets</b>	<u>3,220</u>	<u>2,538</u>

The actual return on scheme assets was £201,000 (2018 - £118,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Current service cost	(456)	(450)
Past service cost	(200)	-
Interest income	78	55
Interest cost	(196)	(171)
<b>Total amount recognised in the Statement of Financial Activities</b>	<u>(774)</u>	<u>(566)</u>

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

	2019 £000	2018 £000
<b>Opening defined benefit obligation</b>	6,951	6,789
Current service cost	456	450
Interest cost	196	171
Employee contributions	81	76
Actuarial losses/(gains)	1,642	(523)
Benefits paid	(13)	(12)
Past service costs	200	-
<b>Closing defined benefit obligation</b>	<u>9,513</u>	<u>6,951</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**27. Pension commitments (continued)**

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2019 £000	2018 £000
<b>Opening fair value of scheme assets</b>	2,538	1,967
Interest income	78	55
Actuarial gains	123	63
Employer contributions	413	389
Employee contributions	81	76
Benefits paid	(13)	(12)
<b>Closing defined benefit obligation</b>	<u>3,220</u>	<u>2,538</u>

**28. Operating lease commitments**

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	8	11
Between 1 and 5 years	11	18
	<u>19</u>	<u>29</u>

**29. Related party transactions**

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

Theatre Sans Frontieres Ltd - a charitable company in which S C Kemp (Trustee of the academy trust) is a Joint Artistic Director: The academy trust purchased a drama course for £2,000 (2018 : £Nil) from the charitable company during the period. There were no amounts outstanding at 31 August 2019 (2018 : £Nil).

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2018.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**30. 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 2019 the academy trust received £23,000 (2018: £23,000) and disbursed £27,000 (2018: £29,000) from the fund. An amount of £30,000 (2018: £34,000) is included in other creditors relating to undistributed funds.