

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

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HADRIAN LEARNING TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

L Charlton
D Hartland
S Kitchman (resigned 6 December 2020)
S Todd
P Wood
S Kemp (appointed 20 January 2021)

Trustees

D Hartland, Vice Chair during period, Chair from 9 December 2020
S Kitchman, Chair (resigned 6 December 2020)¹
S C Kemp, Vice Chair from 20 January 2021
G D Atkins, Executive Headteacher and Accounting Officer¹
C A Brown¹
K Chaplin
B M Hignett
J M Holmes
V S Johnston¹
P Ferguson (appointed 24 March 2021)¹
K Cowie (appointed 16 June 2021, resigned 22 September 2021)

¹ Finance and Audit Committee

Company registered number

10299446

Company name

Hadrian Learning Trust

Principal and registered office

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

Executive Officers

G D Atkins, Executive Headteacher
N Seaton (from 1 January 2021), Head of School (QE)
L Watters (from 1 September 2021), Head of School, HMS
S Sparke, Chief Financial Officer

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Independent auditors

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

Bankers

Lloyds Bank plc
Priestpople
Hexham
NE46 1PA

Solicitors

Browne Jacobson LLP
3rd Floor
No. 1 Spinningfields
1 Hardman Square
Spinningfields
Manchester
M3 3BZ

Muckle LLP
32 Gallowgate
Newcastle Upon Tyne
NE1 4BF

HADRIAN LEARNING TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. 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 1,778 in the school census in October 2020.

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

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 trust 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 Articles 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 periodic formal skills audits, and informal reviews of skill gaps upon resignation of a trustee. 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 and Inspiring Governance, 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 2021

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 are 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 (Academy Trust Handbook from September 2021), 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 or to reflect changes in such areas as educational assessment or the Academies Financial Handbook/Academy Trust 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 2021

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

Relevant union officials

Number of employees who were relevant union officials during the year	7
Full-time equivalent employee number	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	6
1%-50%	1
51%-99%	-
100%	-
Percentage of pay bill spent on facility time	£000
Total cost of facility time	-
Total pay bill	7,353
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100.0 %
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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.

HADRIAN LEARNING TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

Ethos

"Outstanding eagerness to promote good learning"

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

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

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

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

Objectives, strategies and activities

The main objectives of Hadrian Learning Trust going into academic year 2020-21 were:

- 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 2021 were:

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

Public benefit

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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.

Educational Experience

Despite the various challenges associated with the pandemic, academic year 2020-21 was, on the whole, a very positive one at both schools. The return to school of pupils and students in September went very well, with high attendance, positive attitudes to learning and good overall behaviour.

Control measures aligned with the Department for Education's operational guidance for schools in light of the pandemic worked extremely well, with staff and pupils/students very quickly adapting to the new ways of being. Teaching was focused on curriculum recovery, with additional support for those fallen behind coming in various forms. We also managed to get a reasonable programme of extra-curricular activity going, although participation was restricted to year-group bubbles. A survey of staff confidence in the measures in place amongst other things was very positive.

At HMS, after a first half-term with no positive cases, the early part of the second half-term saw pupils and staff affected by a spike in cases in the local community, which led to very high levels of absence over a three-week period due to the high numbers of contacts associated with the positive cases. Remote learning provision for those isolating worked well. Things settled down in the lead up to Christmas and we were pleased to be able to replicate some of our usual festive activities online, such as the annual carol service.

At QE, after a term and a half that saw relatively few positive cases and associated absence of contacts, we had a significant spike of cases and associated contacts in the weeks leading up to Christmas, which mirrored the HMS experience of a few weeks earlier and reflected a worsening local and regional situation at that time. The subsequent national lockdown that came into effect in early January was anticipated and a great deal of planning and preparation had gone into ensuring that our remote learning provision was as good as it could be, learning from our experience of the first lockdown. Online form times and lessons were delivered live in accordance with a revised, well-thought through schedule and this was very well received by students and parents. Vulnerable students were well-supported in terms of both provision they accessed in school and individualised pastoral care.

All but three weeks of the Spring Term saw the country in lockdown, with all pupils and students working from home. Similar arrangements to the previous lockdown were put in place to support them pastorally and they were able to access form time and lessons remotely as they were delivered live by teachers. Vulnerable pupils were well-supported in terms of provision they accessed in school and individualised pastoral care.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

As in September, the return of pupils and students in March went very well indeed, with high levels of attendance, very good behaviour and a settling into routine. This continued into and throughout the summer term until the last few weeks when a spike in cases and contacts led to high absence and whole year groups needing to remain at home.

Despite this, and throughout the year, staff did a remarkable job in providing a good range of enrichment activities. At HMS, form tutors played a key role in understanding the interests of each pupil with an increased focus on promoting opportunities for pupils from disadvantaged backgrounds. Financial assistance was provided where possible for specific pupils. Staff responded creatively to dealing with the disruption caused by the lockdowns. Many resources and activities were uploaded for pupils and families to engage with at key points of remote education. The school was keen to celebrate the success, achievement and engagement observed by pupils exploring extracurricular activities during this period. Staff were also willing to share stories and images in the weekly newsletter and on the website and via social media.

Pupil leadership appointments continued to play a key role within the life of HMS. Roles included Head Pupils with Deputies, House Captains and Vice-Captains, Sports Leaders, Digital and Language Leaders, and Parliament Representatives. The pupils holding these positions were superb representatives of the pupil body.

At QE, despite not being able to take part in most competitive sporting events, students continued to participate in after school sports where restrictions allowed including football, rugby, cricket, netball and hockey. 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 opportunities in extra-curricular music although again these were restricted due to the pandemic. Youth Theatre was not able to go ahead with the annual production due to restrictions placed on year groups mixing.

Other extra-curricular clubs included Human Rights, Creative Writing, Dungeons and Dragons and the Eco Society. We were pleased that an LGBT club was established, meeting weekly during lunchtimes. Students were also encouraged to take part in a variety of competitions whilst they were working from home and Kell Johnston was awarded the title of Young Scientist of the Year, winning top prize in The Big Bang UK Young Scientists & Engineers Competition. Beyond all of the above, departments offered regular drop-in and revision sessions throughout the year.

Alongside day-to-day operations, work continued throughout the year on the QE site with the new build project and a successful 'decant' of both schools was completed to schedule.

We could not deliver the education and pastoral services to our students without the hard work and dedication of our senior leadership team, pastoral team, curriculum leaders, teachers and support staff who work incredibly hard, and have done so in challenging conditions, throughout the period and would like to take this opportunity to record our thanks to them.

We also recognise the support of our parents and the wider community in delivering these outcomes for our students and pupils and we are grateful for their ongoing support as well.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Capital Projects

No bids to the ESFA's Condition Improvement Fund (CIF) were made, as plans to refurbish and re-build both schools continued to be developed in partnership with Northumberland County Council and the ESFA. Work has progressed well on the £36m project, which is on schedule to be delivered for 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.

Key Stage 2 Outcomes

No year 6 standard attainment tests were undertaken in 2021 due to the national lockdown.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Key Stage 4 and 5 Outcomes

Outcomes in 2021 were based on centre assessed grades rather than public examinations, therefore like-for-like comparisons are not meaningful this year.

	2018		2019		2020		2021	
KS4	QEHS	Nat	QEHS	Nat	QEHS	Nat	QEHS	Nat
Progress 8	0.63	-0.02	0.29	-0.03	N/a	N/a	N/a	N/a
Attainment 8	57.1	46.5	53.3	46.7	58.0	50.2	58.0	50.9
%9-5 Eng & maths	68%	43%	59%	43%	68%	49.9%	66%	51.9%
% 9-4 E&M	80%	64%	76%	65%	84%	*	83%	*
EBacc APS	4.91	4.04	4.54	4.07	4.97	4.38	5.03	4.45

*Not yet published

Note that, given the unprecedented change in the way GCSE results have been awarded in the summers of 2020 and 2021 and the resulting significant changes to the distribution of the grades received (in comparison to exam results), pupil level attainment in 2020/21 is not comparable to that in 2019/20 and to that of the previous exam years for the purposes of measuring changes in pupil performance. The increases seen in the headline statistics likely reflect the changed method for awarding grades rather than demonstrating a step change improvement in standards.

With regards to destinations, provisional data for 2020-21 indicates that 67% of Year 11 progressed to sixth form study, 29% went onto further education at college, 1% went onto apprenticeships and 2% progressed to other activity. 1% (3 students) were not in education, employment or training at the time of writing, well below the national figure..

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Provisional Key Stage 5 Outcomes

	2018		2019		2020		2021	
16-19	QEHS	National	QEHS	National	QEHS	National	QEHS	National
A Level								
APS per entry	40.78	33.33	39.41	33.77	42.70	39.51	43.2	41.60
Average grade	B	C+	B	C+	B+	B	B+	B
Value added	+0.19	0	+0.04	0	N/a	N/a	N/a	N/a
Applied General								
APS per entry	31.7	28.47	35.51	28.37	32.30	31.25	37.5	32.82
Average grade	Dist-	Merit+	Dist-	Merit+	Dist-	Dist-	Dist+	Dist-
Value added	+0.07	0	+0.29	0	N/a	N/a	N/a	N/a

With regards to destinations, 60% of the 2020-21 cohort progressed to university, 16% are applying for a university place for 2022, 3% went into employment, 7% went onto an art foundation course, 54% pursued apprenticeships and 2% took a gap year. The destinations of 6% of the cohort remain unknown at the time of writing.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Financial review

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2021 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' (FRS 102), 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.

Capital income of £25,026,000 has also been shown in the Statement of Financial Activities representing the value of assets under construction for the new school buildings, which is shown as a donation from the local authority and the ESFA's Priority Schools Building Programme.

In addition, unrestricted income comprises self-generated revenue such as lettings and departmental sales.

During the year ended 31 August 2021, total expenditure of £17,327,000 was exceeded by recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains/losses and excluding restricted fixed asset funds) was £469,000. The in-year surplus is £296,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2021 net book value of fixed assets was £43,200,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £5,367,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2021 of £39,544,000 comprising £1,492,000 of restricted general funds, £43,198,000 of restricted fixed asset funds, a pension deficit of £5,367,000 and £221,000 of unrestricted funds.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 £221,000. The balance on restricted general funds, excluding pension reserve, plus the balance on unrestricted funds at 31 August 2021 is a net surplus of £1,713,000 and therefore is considered to be above the level of reserves required for the ongoing needs of the academy trust. The trust plans to use some of the excess reserves to fund capital projects over the next two years, including the purchase of furniture, equipment and ICT hardware for the new school buildings.

Significant expenditure in new ICT infrastructure and furniture, fittings and equipment was undertaken during the year in preparation for moving into the new school buildings, with further expenditure planned in 2021/22. 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.

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust Balance Sheet.

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 is 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. 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.

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.

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.

HADRIAN LEARNING TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 DfE on the refurbishment and rebuild of both schools on the QEHS site. At the time of writing, the first phase of this project is complete with the schools having moved into the new facilities in September 2021.

In the view of the Trust, this major investment in co-located Middle and High Schools will result in ongoing educational, operational and financial benefits. For example, teachers are now able to work more closely together, sharing best practice in a learning environment that is fit for purpose, with leaders overseeing provision across both schools. Pupils and students are enjoying significantly better facilities than they had previously and would have had with developments 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 welcomed the fact that the Grade II-listed Hydro Building has been restored, with further development of its magnificent setting in the landscape due as part of the second phase of works. The whole project is an historic development 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 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 17 December 2021 and signed on its behalf by:



D Hartland
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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 9 times during the year.

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

Trustee	Meetings attended	Out of a possible
D Hartland, Vice Chair during period, Chair from 9 December 2020	9	9
S Kitchman, Chair until 6 December 2020	1	1
S C Kemp, Vice Chair from 20 January 2021	8	9
G D Atkins, Executive Headteacher and Accounting Officer	9	9
C A Brown	8	9
K Chaplin	7	9
B M Hignett	8	9
J M Holmes	9	9
V S Johnston	8	9
P Ferguson, appointed 24 March 2021	4	4
K Cowie, appointed 16 June 2021, resigned 22 September 2021	1	2

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.

Following trustee resignations, gaps in the areas of finance and education were identified. As a result two new trustees were appointed with high levels of skills, knowledge and experience in these areas.

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.

The Trust Board will continue to evaluate the effectiveness of governance arrangements during 2021/22.

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/Academy Trust 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.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

During the year V Johnston and P Ferguson, who is a qualified accountant, joined the committee.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
C A Brown, Chair until 20 October 2021	4	5
G D Atkins, Executive Headteacher and Accounting Officer	5	5
S Kitchman (until 6 December 2020)	1	1
P Ferguson (from 24 March 2021, chair from 20 October 2021)	2	2
V Johnston (from 9 December 2020)	4	4

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:

Reducing overall staffing expenditure whilst improving student outcomes

Trustees and senior leaders continue to ensure that staffing expenditure is closely monitored and benchmarked against similar schools, with a view to keeping overall staffing expenditure, low, within budget and reduced where possible. Specifically, this has involved re-structuring certain aspects of middle and senior leadership, not filling certain posts when staff have left, and reducing the teaching staff full-time equivalent (FTE) total. Since September 2014, this has reduced from 103.4 FTE to 96.1 FTE. During this period, the long-term trend for outcomes at both schools has been one of improvement. Benchmarking analysis indicates that each is typically at the low end of spending across most measures compared with similar schools. In addition, we analyse our curriculum and staffing profile using curriculum and financial planning techniques, which indicates broad alignment with key efficiency indicators.

Seeking low-cost support and professional development to improve outcomes

The academy trust promotes a continuous improvement mindset and, as such, senior and middle leaders are committed to improving provision so that outcomes for pupils and students continue to improve. To this end, staff have sought to learn from others who may be doing better in relation to particular aspects. In the past year, this has included liaising with other schools on remote learning provision. In addition, we have worked closely with individuals familiar with the schools inspection process to develop senior and middle leaders' knowledge and skills relating to curriculum development and improving the quality of teaching.

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.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Best value procurement

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

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

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

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

During the year, significant procurement exercises were carried out for the acquisition of new furniture, fittings and equipment and ICT infrastructure, with the latter including use of public sector framework agreements.

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 2020 to 31 August 2021 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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has decided to employ Armstrong Watson LLP as internal auditor.

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

- payroll processes
- procurement and value for money
- income processes
- nominal ledger and financial reporting
- governance processes and procedures
- Academies Financial Handbook compliance

On a termly basis, the internal auditor reports 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, and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

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.

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 internal auditors;
- the work of the external auditors;
- the school resource management self-assessment tool;
- 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.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 17 December 2021 and signed on their behalf by:



D Hartland
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 2020.

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 2020.

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: 16/12/21

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

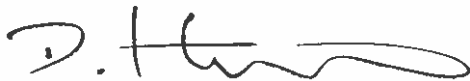
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



D Hartland
Chair
Date:

18/12/21

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 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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. The Trustees are responsible for the other information contained within the Annual Report. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

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


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. 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 BFP DChA (Senior Statutory Auditor)
for and on behalf of
Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 17 December 2021

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

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)**

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 Trustees and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of 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.

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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

Date: 17 December 2021

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

		Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
	Note					
Income from:						
Donations and capital grants	3	23	-	25,026	25,049	12,577
Charitable activities		291	9,461	-	9,752	9,035
Other trading activities		165	-	-	165	227
Investments	6	1	-	-	1	6
Total income		480	9,461	25,026	34,967	21,845
Expenditure on:						
Charitable activities		478	8,994	7,855	17,327	17,762
Total expenditure		478	8,994	7,855	17,327	17,762
Net (expenditure)/ income		2	467	17,171	17,640	4,083
Transfers between funds	19	-	(587)	587	-	-
Net movement in funds before other recognised gains		2	(120)	17,758	17,640	4,083
Other recognised gains:						
Actuarial gains/(losses) on defined benefit pension schemes	27	65	-	-	65	1,591
Net movement in funds		67	(120)	17,758	17,705	5,674
Reconciliation of funds:						
Total funds brought forward		219	(3,820)	25,440	21,839	16,165
Net movement in funds		67	(120)	17,758	17,705	5,674
Total funds carried forward		286	(3,940)	43,198	39,544	21,839

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

The notes on pages 32 to 59 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	43,200	25,399
		<u>43,200</u>	<u>25,399</u>
Current assets			
Stocks	15	16	15
Debtors	16	360	352
Cash at bank and in hand		2,488	1,907
		<u>2,864</u>	<u>2,274</u>
Creditors: amounts falling due within one year	17	(1,146)	(808)
Net current assets		<u>1,718</u>	<u>1,466</u>
Total assets less current liabilities		<u>44,918</u>	<u>26,865</u>
Creditors: amounts falling due after more than one year	18	(7)	(8)
Net assets excluding pension liability		<u>44,911</u>	<u>26,857</u>
Defined benefit pension scheme liability	27	(5,367)	(5,018)
Total net assets		<u><u>39,544</u></u>	<u><u>21,839</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	19	43,198	25,440
Restricted income funds	19	1,492	1,198
		<hr/>	<hr/>
Restricted funds excluding pension asset	19	44,690	26,638
Pension reserve	19	(5,367)	(5,018)
		<hr/>	<hr/>
Total restricted funds	19	39,323	21,620
Unrestricted income funds	19	221	219
		<hr/>	<hr/>
Total funds		39,544	21,839

The financial statements on pages 28 to 59 were approved by the Trustees, and authorised for issue on 17 December 2021 and are signed on their behalf, by:



D Hartland
Chair

The notes on pages 32 to 59 form part of these financial statements.

HADRIAN LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	1,210	100
Cash flows from investing activities	23	(629)	(49)
Cash flows from financing activities	22	-	(23)
Change in cash and cash equivalents in the year		581	28
Cash and cash equivalents at the beginning of the year		1,907	1,879
Cash and cash equivalents at the end of the year	24, 25	<u>2,488</u>	<u>1,907</u>

The notes on pages 32 to 59 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 2021

1. Accounting policies

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

1.1 Basis of preparation 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 2020 to 2021 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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income (continued)

The academy trust is benefiting from the ESFA's Priority Schools Building Programme. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the academy trust controls through lease the site where a development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

Donations

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

Other income

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

Donated fixed assets (excluding transfers on conversion or into the academy trust)

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 Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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.

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. Depreciation on buildings which will be replaced has been accelerated over 2 years to reduce the NBV to £Nil.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.10 Debtors

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

1.11 Cash at bank and in hand

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

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement 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 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the The 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 The 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 ESFA. Payments received from 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 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 30.

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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. In the current year the actuary has made assumptions to estimate the future liabilities associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

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 £7,848,000

Critical areas of judgement:

Land — 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.

3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations	23	24,977	25,000	8,531
Capital Grants	-	49	49	4,046
Total 2021	23	25,026	25,049	12,577
Total 2020	20	12,557	12,577	

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the academy educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,403	8,403	7,737
Other DfE/ESFA grants				
Pupil Premium	-	205	205	208
PE and Sport Premium	-	18	18	18
Rates	-	37	37	37
Year 7 Catch Up	-	-	-	1
Teachers' pay grant	-	118	118	116
Teachers' pension grant	-	331	331	332
Other DfE Group grants	-	5	5	-
	-	-	9,117	8,449
Other Government grants				
SEN	-	135	135	160
Other Government grants	-	-	-	21
	-	135	135	181
Other income from the academy trust's academy's educational operations	291	-	291	378
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	111	111	-
Other DfE/ESFA COVID-19 funding	-	85	85	-
	-	196	196	-
COVID-19 additional funding (non- DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	13	13	27
	-	13	13	27
Total 2021	291	9,461	9,752	9,035
Total 2020	378	8,657	9,035	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the academy educational operations (continued)

The academy furloughed some of its catering and adult learning staff under the government's Coronavirus Job Retention Scheme. The funding received of £13,000 relates to staff costs in respect of 14 staff which are included within note 10 below as appropriate.

5. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from facilities and services	25	25	26
Rental and lettings income	20	20	37
Receipts from Supply Teacher Insurance claims	33	33	8
RPA Claims	24	24	51
Other	63	63	105
Total 2021	165	165	227
Total 2020	227	227	

6. Investment income

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Bank interest	1	1	6
Total 2020	6	6	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	Total 2020 £000
Academy's educational operations:					
Direct costs	6,614	-	503	7,117	7,064
Allocated support costs	1,450	-	8,760	10,210	10,698
Total 2021	8,064	-	9,263	17,327	17,762
Total 2020	7,658	8,832	1,272	17,762	

In 2021, of the total expenditure, £478,000 (2020: £701,000) was to unrestricted funds, £8,994,000 (2020: £8,585,000) was to restricted funds and £7,855,000 (2020: £8,476,000) was to restricted fixed asset funds.

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

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

There were total fixed asset losses of £7,066.

There were no ex-gratia payments in the period.

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Academy's educational operations	7,117	10,210	17,327	17,762
Total 2020	7,064	10,698	17,762	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Staff costs	6,613	6,437
Educational supplies	166	150
Examination fees	156	151
Technology costs	7	5
Educational consultancy	96	107
Supply insurance	40	54
Other costs	39	160
Total 2021	7,117	7,064

Analysis of support costs

	Total funds 2021 £000	Total funds 2020 £000
Net interest cost on pension scheme	82	115
Staff costs	1,451	1,221
Depreciation	7,848	8,457
Staff development	32	34
Technology costs	117	105
Staff expenses	-	2
Transport	3	9
Maintenance of premises	51	83
Cleaning	14	19
Other premises costs	97	137
Energy	146	139
Rent & rates	37	37
Insurance	38	39
Operating lease rentals	8	8
Catering	165	156
Legal costs - other	2	8
Other costs	95	106
Governance costs	24	23
Total 2021	10,210	10,698

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

9. Net income

Net income for the year includes:

	2021 £000	2020 £000
Operating lease rentals	8	8
Depreciation of tangible fixed assets	7,848	8,457
Loss on disposal of fixed assets	-	3
Fees paid to auditors for:		
- audit	16	14
- other services	4	5
	<u> </u>	<u> </u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £000	2020 £000
Wages and salaries	5,679	5,507
Social security costs	546	515
Pension costs	1,656	1,516
	<u> </u>	<u> </u>
	7,881	7,538
Agency staff costs	174	120
Staff restructuring costs	9	-
	<u> </u>	<u> </u>
	8,064	7,658
	<u> </u>	<u> </u>

Included in operating costs of defined benefit pension schemes is a debit of £332,000 (2020 :£201,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	2021 £000	2020 £000
Severance payments	9	-
	<u> </u>	<u> </u>
	9	-
	<u> </u>	<u> </u>

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

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

Included in staff restructuring costs are non statutory/non-contractual severance payments totalling £2,000 (2020: £Nil).

c. Staff numbers

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

	2021 No.	2020 No.
Teachers	102	102
Administration & Support	111	117
Management	9	11
	<u>222</u>	<u>230</u>

d. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	-	1
In the band £110,001 - £120,000	1	1
	<u>1</u>	<u>1</u>

e. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £301,320 (2020 £309,000).

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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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 principal 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:

	2021 £000	2020 £000
G Atkins (Executive Headteacher and Trustee) Remuneration	115 - 120	110 - 115
Pension contributions paid	25 - 30	25 - 30
B Hignett (Member of staff and Trustee) Remuneration	5 - 10	5 - 10
Pension contributions paid	0 - 5	0 - 5

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

14. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 September 2020	21,292	579	374	11	12,519	34,775
Additions	1,274	27	418	-	23,937	25,656
Disposals	-	(15)	(180)	(5)	-	(200)
At 31 August 2021	22,566	591	612	6	36,456	60,231
Depreciation						
At 1 September 2020	8,725	413	230	8	-	9,376
Charge for the year	7,640	129	77	2	-	7,848
On disposals	-	(11)	(177)	(5)	-	(193)
At 31 August 2021	16,365	531	130	5	-	17,031
Net book value						
At 31 August 2021	6,201	60	482	1	36,456	43,200
At 31 August 2020	12,567	166	144	3	12,519	25,399

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15. Stocks

	2021 £000	2020 £000
Catering	3	6
Stationery	13	9
	<u>16</u>	<u>15</u>

16. Debtors

	2021 £000	2020 £000
Other debtors	1	-
Prepayments and accrued income	215	190
Vat recoverable	144	162
	<u>360</u>	<u>352</u>

17. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	195	123
Other taxation and social security	130	118
Other creditors	429	185
Accruals and deferred income	392	382
	<u>1,146</u>	<u>808</u>

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

Salix loan repayable through Condition Improvement Fund in monthly instalments of £74.

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	2021 £000	2020 £000
DEFERRED INCOME		
Deferred income at 1 September 2020	70	138
Resources deferred during the year	67	70
Amounts released from previous periods	(70)	(138)
Deferred income at 31 August 2021	<u>67</u>	<u>70</u>

At the balance sheet date the academy trust was holding deferred income relating to funds received in advance for trips, school meals, and facility hire relating to the academic year 2021/22.

18. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Other creditors	<u>7</u>	<u>8</u>

Included within other creditors are loans of £7,000 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.

HADRIAN LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

19. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
Unrestricted fund	219	480	(478)	(11)	-	210
Sinking Fund	-	-	-	11	-	11
	<u>219</u>	<u>480</u>	<u>(478)</u>	<u>-</u>	<u>-</u>	<u>221</u>
Restricted general funds						
General Annual Grant (GAG)	1,207	8,405	(7,594)	(587)	-	1,431
Pupil Premium	-	204	(204)	-	-	-
Other DfE/ESFA grants	-	509	(497)	-	-	12
SEN	-	135	(135)	-	-	-
Other loans	(9)	-	-	-	-	(9)
Covid-19 funding	-	208	(150)	-	-	58
Pension reserve	(5,018)	-	(414)	-	65	(5,367)
	<u>(3,820)</u>	<u>9,461</u>	<u>(8,994)</u>	<u>(587)</u>	<u>65</u>	<u>(3,875)</u>
Restricted fixed asset funds						
Assets Donated On Conversion	11,980	-	(7,011)	-	-	4,969
DfC Capital	212	39	(91)	-	-	160
GAG Capital	58	-	(28)	587	-	617
CIF Capital	646	10	(655)	-	-	1
PSBP	4,008	7,166	-	-	-	11,174
Donated Assets	8,530	17,317	(47)	-	-	25,800
Other Capital Grants	6	494	(23)	-	-	477
	<u>25,440</u>	<u>25,026</u>	<u>(7,855)</u>	<u>587</u>	<u>-</u>	<u>43,198</u>
Total Restricted funds	<u>21,620</u>	<u>34,487</u>	<u>(16,849)</u>	<u>-</u>	<u>65</u>	<u>39,323</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. Statement of funds (continued)

Total funds	21,839	34,967	(17,327)	-	65	39,544
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HADRIAN LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. Statement of funds (continued)

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 deprived students.

Other DfE/ESFA revenue grants relate to PE and Sport Premium, Rates Relief, Year 7 Catch Up, and Teachers' pay and Teachers' pension grants.

SEN is additional funding for pupils with special educational needs.

Other Government grants relate to Local Authority Pupil Premium.

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

The Trust has a designated sinking fund to fund the cost of replacing the 3G pitch when it is required.

During the year Northumberland County Council received funding from central government under the priority school building programme together with funding from the Football Foundation. The Council has used these two funds together with a contribution from its own capital funding allocation to build the new school building and associated facilities.

Unrestricted funds include the income from uniform sales, school trips and catering 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 2021.

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19. Statement of funds (continued)

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Unrestricted fund	289	631	(701)	-	-	219
Restricted general funds						
General Annual Grant (GAG)	864	7,737	(7,366)	(28)	-	1,207
Pupil Premium	-	208	(208)	-	-	-
Other DfE/ESFA grants	5	504	(509)	-	-	-
SEN	-	160	(160)	-	-	-
Loans inherited on Conversion	(23)	-	23	-	-	-
Other loans	(9)	-	-	-	-	(9)
Other government grants	-	48	(48)	-	-	-
Non government grants	1	-	(1)	-	-	-
Pension reserve	(6,293)	-	(316)	-	1,591	(5,018)
	<u>(5,455)</u>	<u>8,657</u>	<u>(8,585)</u>	<u>(28)</u>	<u>1,591</u>	<u>(3,820)</u>
Restricted fixed asset funds						
Assets Donated On Conversion	19,662	-	(7,681)	-	-	11,981
ESFA Capital Grants	1,572	4,046	(747)	-	-	4,871
GAG Capital	59	-	(29)	28	-	58
Donations	38	8,511	(19)	-	-	8,530
	<u>21,331</u>	<u>12,557</u>	<u>(8,476)</u>	<u>28</u>	<u>-</u>	<u>25,440</u>
Total Restricted funds	<u>15,876</u>	<u>21,214</u>	<u>(17,061)</u>	<u>-</u>	<u>1,591</u>	<u>21,620</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

19. Statement of funds (continued)

Total funds	16,165	21,845	(17,762)	-	1,591	21,839
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Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Hexham Middle School	559	580
Queen Elizabeth High School	1,154	837
Total before fixed asset funds and pension reserve	1,713	1,417
Restricted fixed asset fund	43,198	25,440
Pension reserve	(5,367)	(5,018)
Total	39,544	21,839

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	Total 2020 £000
Hexham Middle School	1,539	466	69	304	2,378	2,257
Queen Elizabeth High School	5,075	984	97	945	7,101	7,048
Academy trust	6,614	1,450	166	1,249	9,479	9,305

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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	2	-	43,198	43,200
Current assets	220	2,644	-	2,864
Creditors due within one year	6	(1,152)	-	(1,146)
Creditors due in more than one year	(7)	-	-	(7)
Provisions for liabilities and charges	-	(5,367)	-	(5,367)
Total	221	(3,875)	43,198	39,544

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	25,399	25,399
Current assets	310	1,914	50	2,274
Creditors due within one year	(91)	(716)	(1)	(808)
Creditors due in more than one year	-	-	(8)	(8)
Provisions for liabilities and charges	-	(5,018)	-	(5,018)
Total	219	(3,820)	25,440	21,839

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21. Reconciliation of net income to net cash flow from operating activities

	2021 £000	2020 £000
Net income for the year (as per Statement of Financial Activities)	17,640	4,083
Adjustments for:		
Loss on disposal	7	3
Depreciation	7,848	8,457
Capital grants from DfE and other capital income	(25,026)	(12,557)
Interest receivable	(1)	(6)
Defined benefit pension scheme cost less contributions payable	332	201
Defined benefit pension scheme finance cost	82	115
(Increase)/decrease in stocks	(1)	-
(Increase)/decrease in debtors	(8)	42
Increase/(decrease) in creditors	337	(238)
Net cash provided by operating activities	1,210	100

22. Cash flows from financing activities

	2021 £000	2020 £000
Repayments of borrowing	-	(23)
Net cash provided by/(used in) financing activities	-	(23)

23. Cash flows from investing activities

	2021 £000	2020 £000
Dividends, interest and rents from investments	1	6
Purchase of tangible fixed assets	(25,656)	(12,612)
Capital grants from DfE Group	49	4,046
Capital funding received from sponsors and others	24,977	8,511
Net cash used in investing activities	(629)	(49)

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

	2021 £000	2020 £000
Cash in hand and at bank	2,488	1,907
Total cash and cash equivalents	2,488	1,907

25. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	1,907	581	2,488
	<u>1,907</u>	<u>581</u>	<u>2,488</u>

26. Capital commitments

	2021 £000	2020 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	24	-

27. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2021.

Contributions amounting to £142,000 were payable to the schemes at 31 August 2021 (2020 - £136,000) and are included within creditors.

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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 published by HM Treasury every 4 years. 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. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- 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
- The SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, 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 including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £931,000 (2020 - £921,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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 2021 was £461,000 (2020 - £475,000), of which employer's contributions totalled £378,000 (2020 - £394,000) and employees' contributions totalled £ 83,000 (2020 - £81,000). The agreed contribution rates for future years are 21.70% per cent for employers and 5.5-12.5% per cent for employees.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	4.1	3.80
Rate of increase for pensions in payment/inflation	2.6	2.30
Discount rate for scheme liabilities	1.7	1.70
Inflation assumption (CPI)	2.6	2.30
Commutation of pensions to lump sums	75.00	75.00

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27. Pension commitments (continued)

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

	2021 Years	2020 Years
Retiring today		
Males	21.9	21.8
Females	25.1	25.0
Retiring in 20 years		
Males	23.6	23.5
Females	26.9	26.8

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(248)	(210)
Discount rate -0.1%	258	218
Mortality assumption - 1 year increase	(367)	(302)
Mortality assumption - 1 year decrease	377	302
CPI rate +0.1%	208	176
CPI rate -0.1%	(208)	(176)

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27. Pension commitments (continued)

Share of scheme assets

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

	2021 £000	2020 £000
Equities	2,527	1,803
Corporate bonds	913	772
Property	363	310
Government bonds	95	81
Cash	182	64
Other	463	340
Total market value of assets	4,543	3,370

The actual return on scheme assets was £770,000 (2020 - £(303,000)).

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

	2021 £000	2020 £000
Current service cost	(710)	(595)
Interest income	61	66
Interest cost	(143)	(181)
Total amount recognised in the Statement of Financial Activities	(792)	(710)

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

	2021 £000	2020 £000
Opening defined benefit obligation	8,388	9,513
Current service cost	710	595
Interest cost	143	181
Employee contributions	83	81
Actuarial losses/(gains)	644	(1,960)
Benefits paid	(58)	(22)
Closing defined benefit obligation	9,910	8,388

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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:

	2021 £000	2020 £000
Opening fair value of scheme assets	3,370	3,220
Interest income	61	66
Actuarial gains/(losses)	709	(369)
Employer contributions	378	394
Employee contributions	83	81
Benefits paid	(58)	(22)
Closing defined benefit assets	<u>4,543</u>	<u>3,370</u>

28. Operating lease commitments

At 31 August 2021 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
AMOUNTS PAYABLE:		
Within 1 year	3	8
Between 1 and 5 years	-	3
	<u>3</u>	<u>11</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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, 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.

Related Party Transaction

Theatre Sans Frontieres Ltd - a charitable company in which S C Kemp (Trustee) is a Joint Artistic Director in the Limited Company. The academy trust purchased a drama course for £530 (2020 : £Nil). There were no amounts outstanding at 31 August 2021 (2020 £Nil).

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2020.

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NOTES TO THE FINANCIAL STATEMENTS
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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 2021 the academy trust received £30,000 (2020: £24,000) and disbursed £12,000 (2020: £32,000) from the fund. An amount of £40,000 (2020: £22,000) is included in other creditors relating to undistributed funds.

