

HASTINGS ACADEMIES TRUST
(a Company Limited by Guarantee)

Annual Report and Financial Statements

Period ended 31 August 2011

Company Registration Number
7185046 (England and Wales)

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Mithras House
Lewes Road
Brighton
BN2 4AT

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Reference and administrative information

Directors

The Directors who served during and since the period 10 March 2010 to 31 August 2011

Ms A Baines (from 23 September 2011)	Mr P Griffiths
Dr Y Burne	Mr A Kouloumbides
Professor J M Crampton (Chairman)	Mr S Manwaring
Mr N Dart (from 9 December 2011)	Ms C Miller
Mr P Dougill	Ms A Rudd
Mr P Evans	Mr C Thomson
Councillor K Glazier	Mr J Weaver
Mr F Green (from 23 September 2011)	

(Attendance at meetings of the Board of Directors is shown on Page 4)

Company Secretary Ms S McHugh

Senior Management Team:

Chief Executive	Sir D Hutt (to 31 August 2011) Mr F Green (from 23 September 2011)
Principal The Hastings Academy	Ms T Phillips
Principal The St Leonards Academy	Ms J Jones
Director of Resources	Mr R Winson

Principal Address Darwell Close
St Leonards on Sea
East Sussex
TN38 9JP

Registered Address Mithras House
Lewes Road
Brighton
BN2 4AT

Company Registration Number 7185046

Auditors KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Bankers Barclays Bank
139-142 North Street
Brighton
BN1 1RU

Solicitors Schofield Sweeney
Church Bank
Church Bank House
Bradford
West Yorkshire
BD1 4DY

Attendance at meetings of the Board of Directors during the period

The initial directors were Professor J M Crampton and Mr P Griffiths. Further directors were appointed progressively during the period.

During the period eight meetings of the Board of Directors were held. Three meetings were held in 2010 (in March, June and December) and five in 2011 (in January, March, May, June and July).

The attendance record of directors was as follows:

Name	Number of meetings eligible to attend	Number of meetings attended
Dr Y Burne	3	2
Professor J M Crampton	8	8
Mr P Dougill	1	1
Mr P Evans	3	2
Councillor K Glazier	7	5
Mr P Griffiths	8	8
Mr A Kouloumbides	7	7
Mr S Manwaring	3	2
Ms C Miller	3	2
Ms A Rudd	2	1
Mr C Thomson	3	1
Mr J Weaver	3	3

Ms A Baines, Mr N Dart and Mr F Green were appointed after the end of the period.

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 JULY 2011

The Hastings Academies Trust was incorporated on 10 March 2010 for the purpose of establishing two academies - the Hastings Academy and the St Leonards Academy

The Directors present their first annual report and audited accounts for the period 10 March 2010 to 31 August 2011

The report and accounts relate to the implementation period of the Trust, prior to the opening of the Academies on 1 September 2011

Structure, Governance and Management

Constitution

The Hastings Academies Trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the Trust.

The directors act as the trustees for the charitable activities of the Hastings Academies Trust.

The trust is sponsored by the University of Brighton, East Sussex County Council (ESCC) and BT. As the lead sponsor, the University of Brighton appoints the majority of the directors. Details of the directors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Directors' Indemnities

Every Director is indemnified out of the assets of the Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Principal Activities

The Hastings Academies Trust has been established for the purpose of advancing education in the United Kingdom for the public benefit. In furtherance of its objects it has established and will maintain two Academies – the Hastings Academy and the St Leonards Academy.

These academies have been established and will be maintained in accordance with a Master Funding Agreement and Supplemental Funding Agreement with the Secretary of State for Children, Schools and Families.

The academies are to offer a broad curriculum with a strong emphasis on two specialisms specified in the relevant funding agreements. The specified specialisms of the St Leonards Academy are Mathematics and ICT. The specified specialisms of the Hastings Academy are English and ICT. The academies are not limited to either specialism.

Method of Recruitment and Appointment or Election of Directors

As the lead sponsor, the University of Brighton may appoint up to ten Sponsor Directors. As co-sponsors, BT and East Sussex County Council may each appoint up to two directors. In addition, up to two directors are parents of students at the Academies, who are elected by parent members of the Local Advisory Body for each Academy. A further two directors are staff of the Academies, who are elected by the members of the Local Advisory Body for each Academy. The Chief Executive Officer of the Trust is ex officio a director. The Secretary of State may appoint Additional Directors and Further Directors (in specified circumstances). The Directors may appoint up to three co-opted Directors.

Policies and Procedures Adopted for the Induction and Training of Directors

The Trust is committed to adopting best practice in all aspects of corporate governance. The current directors have been selected on the basis of having experience at Board level in other similar organisations. The Trust is currently establishing procedures for induction and training of new directors, who may not have the same level of experience.

Organisational Structure

The Board of Directors is the Trust's Governing Body and is responsible for policy direction. The Board of Directors meets up to six times a year. The Board has two committees which are the Resources Committee and the Academic Committee, which are to meet three times a year.

The Performance and Pay Sub-Committee has been established as a sub-committee of the Resources Committee and will meet at least once each year. The Board of Directors has established four panels which will meet as required – these are the Admissions, Exclusions, Grievance and Complaints Panels. The Board of Directors will be represented on these panels.

A Local Advisory Body has been established for each Academy to comprise representatives of parents and staff. A director will chair each Local Advisory Body. The role of the Local Advisory Body is to advise the Board of Directors on the functioning of each academy and in particular to ensure that local issues and concerns are considered by the Board.

The Trust is managed by the Chief Executive together with his senior management team and a central support staff. The senior management team comprises the Chief Executive, the Principals of the two Academies and the Director of Resources. The Trust is a single legal entity, which must account separately to the Department for Education in relation to the two Academies.

Risk Management

The Board of Directors is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks. The Board of Directors is responsible for the Trust's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and absolute assurance against material misstatement or loss.

In the period the key risks arose from the requirement to open the Academies on 1 September 2011 on a fully operational basis. A risk was identified that the implementation funding provided by the Department for Education would be insufficient to plan for and manage the opening of the Academies. Other key risks were associated with the requirement to have a full staff establishment in place, all required academic and associated policies in agreed forms and administrative and financial systems in place. A risk arose that the Academies would not meet the requirements of OFSTED and would not be given clearance to open.

Connected Organisations, including Related Party Relationships

As the lead sponsor of the Trust, the University of Brighton has provided a high level of managerial and administrative support to achieve the establishment of the Academies. The University will have a continuing role in supporting and guiding the achievement of the objectives of the Trust.

ESCC has provided extensive support in the conversion of the predecessor schools to the new Academies, in addition to its active contribution to the work of the Trust. ESCC is responsible for managing the major capital projects which are currently underway to provide new and refurbished buildings for the Academies.

BT has supported the Trust through the active contribution of its appointed members of the Board of Directors.

Objectives and Activities

The objective of the Trust in its first year was to establish the new Academies. The activities of the Trust centred on establishing the policies, systems and procedures which OFSTED required to be in place prior to the opening of the Academies.

Objects and Aims

The objects of the Trust as set out in its Articles of Association are specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies, offering a broad curriculum with a strong emphasis on, but in no way limited to either one, or a combination of the specialism specified in the Relevant Funding Agreements.

The fundamental aim of the federated academies – the Hastings Academy and the St Leonards Academy – is to improve the life chances of their students by providing an outstanding educational experience. Through innovative and creative approaches to teaching and learning the Academies will build their students' self-confidence, challenge their assumptions and raise their aspirations. The Academies will strive to unlock the potential of every learner. The Academies will be centres of outstanding learning opportunities for their students, staff and the community. The annual development plan of the Trust will set out the key priorities for the year which will include robust and distinct indicators focusing on the impact on student progress and attainment.

The Trust acknowledges that achieving positive life outcomes for young people is built on a fundamental approach to teaching and learning that ensures no child is left behind. Through personalised provision, care and guidance, every child will be supported in realising their potential. The mission of the Academies is to equip their students with the skills, knowledge and values that will empower them to lead fulfilling and rewarding lives as global 21st Century citizens.

Objectives, Strategies and Activities

The Trust was established in March 2010 in order to establish two new Academies. These financial statements relate solely to the implementation period prior to the opening of the Academies. The Academies were successfully established and became operational on 1 September 2011 following the end of this financial period.

Public Benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties

The Directors have assessed the Trust's activities in relation to the public benefit requirement and consider that the activities of the Trust in establishing the Academies meet the two main principles of public benefit - that the benefits are identifiable and are related to the aims of the Trust, and that the public are the beneficiaries and that there is no significant exclusion as to who can benefit

Achievements and Performance

The Trust met its key objective for its first financial period in successfully meeting all the statutory and regulatory requirements for the opening of the Academies. This was achieved within the grant funding made available by the Department for Education

The Hastings Academy and the St Leonards Academy opened on 1 September 2011

Going Concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies

Key Financial Performance Indicators

The Trust met its key objective in the financial period of opening the two Academies on 1 September 2011. The Trust is establishing financial performance indicators which will apply to its continuing operations following the opening of the Academies

Financial Review

The financial management of the Trust in the period was concerned with achieving the opening of the Academies within a budget agreed for implementation funding provided by the Department for Education. This implementation grant was the sole source of income to the Trust in the period

It proved necessary to seek consent from the Department for Education for detailed variations to the agreed budget, mainly to provide for changes in the intended staffing arrangements for the implementation period. The process for agreeing changes to the budget was protracted and final approvals to a revised budget were not received until 24 November 2011

The Trust engaged in an active process of recruitment and selection to fill the senior management positions. In the event, recruitment to the posts of Chief Executive and Director of Resources proved difficult and these roles were initially filled by staff appointed on a contract basis. These recruitment difficulties required the continuation of consultancy support for the full implementation period

The approval of the Department for Education to variations to the agreed budget prior was required in order to receive grant payments. A single grant payment was received during the period and a final payment remained due at the end of the period. The University of Brighton met the costs of the Trust in advance of receipt of these grant payments

The expenditure of the Trust arose only from activities to establish the Academies and mainly related to the cost of staff contracts and reimbursement to East Sussex County Council for staff seconded to the Trust. The opening of the Academies was achieved within the final approved grant amount of £520,400. The University of Brighton met implementation costs of £24,500 which were not eligible for grant funding.

The Trust held no reserves or investments in the period. Reserve and investment policies are to be established for the continuing operations of the Trust.

Financial and Risk Management Objectives and Policies

The Trust is establishing financial and risk management policies which will apply to its continuing operations. The Trust is concerned to maintain and develop the two Academies within the grant funding available to it.

Principal Risks and Uncertainties

The Trust has established a process of setting annual budgets and operates systems of budget monitoring and control. The Trust has considered its future financial position and has identified potential risks and uncertainties relating to income streams.

A key risk arises from the variability of future student numbers. Variations in student numbers are anticipated arising from demographic factors in the catchment areas of the Academies. The Trust has established its cost base in the knowledge that student numbers may decline on a temporary basis for identified periods. As income to the Trust is linked to student numbers it must be able to manage such variations.

Reserves Policy

As the Trust is newly established, it held no reserves in the period. A reserves policy will be developed as the financial position of the Trust is established.

Investment Policy

As the Trust is newly established, it held no investments in the period. An investment policy will be developed as the financial position of the Trust is established.

Plans for Future Periods

The Trust has set ambitious targets for the academic achievement of students attending the Academies. These targets will be measured by means of fifteen Key Indicators.

The Trust will need to manage the transition from the existing buildings occupied by the Academies to new and refurbished buildings.

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

Filing with the Registrar of Companies

As a charitable company, the financial statements of the Hastings Academies Trust have been filed with the Registrar of Companies.

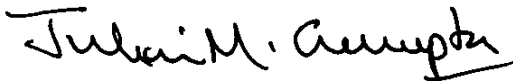
Auditor

The Directors appointed KPMG as auditors for the Trust for the first period of account to 31 August 2011

In so far as the directors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by order of the Board of Directors on 9 December 2011 and signed on its behalf by



Professor J M Crampton
Director

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As directors, we acknowledge that we have overall responsibility for ensuring that Hastings Academies Trust has an effective and appropriate system of internal control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hastings Academies Trust and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hastings Academies Trust for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which Hastings Academies Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

- budgeting and monitoring systems with a budget for the initial set up period and the first year of operation, and periodic financial reports which are reviewed and agreed by the Board of Directors,
- identification and management of risks

In the future as policies and committee structures are established the Board of Directors will ensure that the following policies and guidelines are put in place:

- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,

- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties

The Board of Directors will directly appoint a Responsible Officer to provide directors with an independent oversight of the academy's financial affairs. The main duties of the Responsible Officer are to provide the Board of Directors with independent assurance that

- the financial responsibilities of the Board of Directors are being properly discharged,
- resources are being managed in an efficient, economical and effective manner,
- sound systems of internal financial control are being maintained,
- financial considerations are fully taken into account in reaching decisions

The Responsible Officer will undertake a quarterly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Resources Committee.

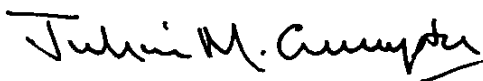
In addition, the Board of Directors will consider the need for a specific internal audit function to ensure that there is an independent review of the Academy's financial systems as required by the YPLA.

Review of Effectiveness

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

- the work of the external auditor,
- the financial management and governance self assessment process

Approved by order of the Board of Directors on 9 December 2011 and signed on its behalf by



Professor J M Crampton
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (who act as trustees for charitable activities of Hastings Academies Trust) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

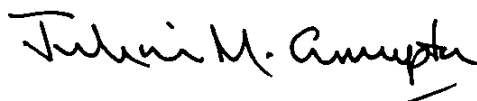
Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

The directors 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 directors 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 the YPLA/DfE have been applied for the purposes intended.

Approved by order of the Board of Directors on 9 December 2011 and signed on its behalf by



Professor J M Crampton
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HASTINGS ACADEMIES TRUST

We have audited the financial statements of Hastings Academies Trust for the period ended 31 August 2011 set out on pages 16 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's (the Trust's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinions in relation to regularity and compliance with the Accounts Direction 2010/11 issued by the Young Peoples Learning Agency ("YPLA"), on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinions in relation to regularity and compliance with the Accounts Direction 2010/11 issued by the YPLA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Responsibilities set out on page 13, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Board of Directors, and, the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Trust's affairs at 31 August 2011, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006,
- have been prepared in accordance with the Academies Accounts Direction 2010/11 issued by the YPLA.

Opinion on regularity

In our opinion, in all material respects, grants from the DfE have been applied by the Trust for the purposes intended

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Trust, 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,
- certain disclosures of Directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit



M G Fallon (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

9 December 2011

Hastings Academies Trust

Statement of Financial Activities for the period ended 31 August 2011 (including Income and Expenditure Account)

	Notes	Restricted Funds 2011 (17 months) £
Incoming resources		
<i>Incoming resources from charitable activities</i>		
Funding for educational operations	2	520,400
Total incoming resources	2	<u>520,400</u>
Resources expended		
<i>Charitable activities</i>		
Educational operations	3	520,400
<i>Governance costs</i>		-
Total resources expended	3	<u>520,400</u>
Net income/(expenditure) for the period		-
Reconciliation of funds		
Funds carried forward at 31 August 2011		<u>-</u>

All of the Trust's activities derive from continuing operations

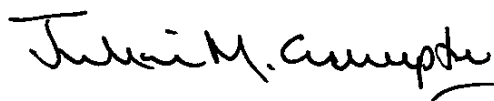
There are no other gains or losses arising

Hastings Academies Trust

Balance sheet as at 31 August 2011

	Notes	2011 £
Current assets		
Debtors	9	184,215
Cash at bank and in hand		<u>336,185</u>
		520,400
Creditors: Amounts falling due within one year	10	<u>(520,400)</u>
Net current assets		<u>-</u>
Net assets		-
Restricted funds	11	<u>-</u>
Total funds		<u>-</u>

The financial statements on pages 16 to 21 were approved by the Directors, and authorised for issue on 9 December 2011 and are signed on their behalf by



Professor J M Crampton
Director

Hastings Academies Trust

Notes to the Financial Statements for the Period Ended 31 August 2011

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

It is the view of the Directors that use of going concern is appropriate. There are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Directors have made this assessment in respect of a period of one year from the date of approval of the financial statements.

Cash flow statement

Under FRS1 the charitable company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Incoming Resources

All incoming resources are recognised when the Hastings Academies Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Charitable activities**

These are costs incurred on the Trust's educational operations on an accruals basis.

- **Governance Costs**

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors'.

meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

Fund Accounting

General unrestricted funds

General unrestricted funds represent funds which are expendable at the discretion of the Directors in furtherance of the charitable objects of the Trust

Restricted funds

Restricted funds represent grants and donations received which are allocated by the grantor, provider and donor for specific purposes and include grants from the Department for Education. The purpose and use of the restricted funds are set out in the notes to the accounts

2. Funding for Trust's educational operations

	Restricted Funds 2011 (17 months) £
DfE revenue grants	
Academy Implementation Grant	<u>520,400</u>

3. Charitable Activities – Trust's educational operations

	Restricted Funds 2011 (17 months) £
Direct costs	
Agency and contract staff	219,988
Seconded teaching and support staff	277,720
Staff development	19,703
Other direct costs	<u>2,989</u>
	<u>520,400</u>

4. Governance costs

The audit fee for the period of £3,000 was not eligible for grant funding by the Department for Education and has been met by the University of Brighton

5. Staff costs

The Trust had no employees during the period. The Trust employed contract staff to manage the implementation stage. In addition, teaching and support staff employed by East Sussex County Council were seconded to the Trust – the Trust met the cost of these secondments

6. Directors' remuneration and expenses

The Directors received no payments or reimbursements of expenses during the period

Nine of the directors who served in the period were appointed by the University of Brighton. These directors include the Vice-Chancellor of the University and the Dean of the Faculty of Education and Sport. Three of the nine directors are members of the Board of Governors of the University.

7. Directors' and Officers Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring while on Trust business. The insurance provides cover up to £5m on any one claim. The cost of insurance cover in the period was met by the University of Brighton.

8. Tangible Fixed Assets

During the period the Trust operated from the premises of the University and the predecessor schools. The assets of the predecessor schools were transferred to the Trust on 1 September 2011.

9. Debtors

	2011 £
Implementation grant due from the DfE	<u>184,215</u>

10. Creditors: amounts falling due within one year

	2011 £
Reimbursement due to the University of Brighton	<u>520,400</u>

11. Funds

	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31 August 2011 £
Restricted funds				
DfE grants	<u>520,400</u>	<u>(520,400)</u>	-	-

The Restricted Fund relates to grant funding due from the Department for Education during the period in respect of implementation costs. It is treated as restricted as the purposes to which it may be applied are subject to conditions and approvals set by the Department for Education.

12. Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Total Restricted Funds £
Current assets	520,400
Current liabilities	(520,400)
Total net assets	-

13. Capital commitments

Extensive new build and refurbishment work to provide permanent accommodation for the new Academies is being undertaken by East Sussex County Council on behalf of the Trust

The Trust is committed to entering into long term leases with East Sussex County Council for this accommodation when it is completed and available for occupation, which is expected to be for the start of the 2012 school year

14. Taxation

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

15. Members' Liability

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

16. Related party disclosures

The Trust is controlled by the University of Brighton. The Trust was substantially supported by the University during the period in the form of management and administrative input. Governance and other costs which were ineligible for grant funding have been met by the University. The University of Brighton also supported the Trust through the advancement of funding prior to the receipt of grant funding from the Department for Education.

East Sussex County Council has also provided extensive support in establishing the Academies, particularly relating to the transfer of staff and capital developments. It is providing £11m towards the capital cost of new accommodation for the St Leonards Academy.