

Horizon Academy Trust

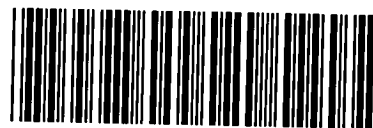
(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

THURSDAY



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Horizon Academy Trust

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Horizon Academy Trust

Reference and Administrative Details

Members

Mr R Marsden
Mr J Simpson (resigned 7 October 2018)
Mr A Simpson
Dr B Wells

Chief Executive Officer

Mr A Chaffey, (i) (appointed 1 May 2017)

Governors and Trustees (Directors)

Mr T Dunn, Chair (i)
Mr R Marsden, Vice Chair (i)
Mrs K Cutler, (i)
Mr K Billany, (i) (resigned 1 August 2018)
Mrs M Kermeen, (i)
Mrs S Herrick, (i)
Mr P Greef, (i)
Mr P Brown, (i) (appointed 28 February 2018 and resigned 23 November 2018)

(i) member of the Finance, Resources & Operations Committee

Horizon Academy Trust

Reference and Administrative Details (continued)

Senior Management Team	Mr A Chaffey, Chief Executive Officer and Accounting Officer Mr M Dodd, Founding Head Teacher Mr A Rhodes, Founding Head Teacher Mrs C Purdue, Chief Financial Officer
Principal and Registered Office	Biggin Avenue Hull HU7 4RL
Bankers	Lloyds Banking Group 1 - 7 George Street Hull HU1 3BB
Solicitors	Langleys Solicitors LLP Olympic House Doddington Road Lincoln LN6 3SE
Company Registration Number	08411590
Auditors	Forrester Boyd Robson Limited Kingfisher Court Plaxton Bridge Road Woodmansey Beverley HU17 0RT

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

On 1 November 2017 Thanet Primary School joined the trust, therefore from this date the Financial Statements show the consolidated results of all four academies.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Horizon Academy Trust are also the directors of the charitable company for the purposes of company law. The company registration number is 8411590.

Details of the trustees who served throughout the year except as noted 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 company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

The company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members may appoint up to 16 Trustees.

The total number of Trustees who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

Two parent governors are elected on each local governing body.

The Secretary of State may also appoint additional Trustees if he/she feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy Trust. The Secretary of State has not appointed any additional Trustees.

New Trustees may only be appointed by the members. When new Trustees or Governors are appointed, the Members and Board of Trustees, approve at that time an appropriate process and criteria for recruitment based on an analysis of the current skill and capability requirements of the Board and governance good practice at Trust level.

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees are given the opportunity to tour the Trust's academies and the chance to meet with staff and students. 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.

As appointments of new Trustees are infrequent, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

The Academy Trust structure now consists of three levels: the Members, the Trustees and the Local Governing Bodies.

The members are responsible for the strategic direction of the Trust and the appointment of Trustees.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the direction of the Academy Trust, and senior staff appointments.

The Local Governing Bodies are responsible for guiding, supporting and monitoring the work of the academies in school improvement and education.

The Trustees established two new committees to support the decision making of the Board of Trustees. These committees are responsible for advising and making recommendations to the Board of Trustees.

- Finance, Resources & Operations
- Standards

The day to day management of the Trust is the responsibility of the Chief Executive Officer and Founding Heads along with the Chief Financial Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trust has established a pay committee comprising of Trustees who are not employees of the Trust to make decisions in relation to centrally employed staff pay, in accordance with the agreed Pay Policy.

The Local Governing Body of each individual academy is responsible for the setting of the Headteachers' pay in line with the agreed Pay Policy.

Connected organisations, including related party relationships

Governors are drawn from the local community and from time to time it is possible that the Academy Trust will enter into transactions with organisations in which a Trustee or Governor has an interest. All such transactions are reflected in the Trusts' Register of Business Interests. These are duly considered by the Board of Trustees on a regular basis to ensure all such transactions are in line with the Academies Handbook requirements.

Objectives and activities

Objects and aims

Principal Activities

In accordance with the articles of association the charitable company has entered into a Master Funding Agreement approved by the Secretary of State for Education. The Master Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

The principal object and activity of the charitable company is the operation of Horizon Academy Trust to advance, for the public benefit, education for pupils aged 3-11.

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Objectives, strategies and activities

The main objectives of Horizon Academy Trust during the period ended 31 August 2018 are summarised below:

- all three founding academies in Horizon to have an Ofsted grade of good or outstanding
- to implement a school improvement strategy in Thanet Primary School with a view to attaining at least good in the next Ofsted judgement
- all academies in Horizon to have applied financial propriety
- all academies in Horizon to reach the government floor standards for 2018 for progress and achievement by the end of KS2
- to explore and secure the future leadership of the Trust with the appointment of a new Chief Executive Officer in 2018/19
- to expand the Trust to five academies

Public benefit

The Horizon Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The primary purpose of Horizon Academy Trust is the advancement of education within Hull. To this end, it now runs four academies aspiring towards the highest possible standards for over 2,000 students aged 3-11.

Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational activities and extracurricular activities, the Academy Trust aims to contribute considerable benefit to the local community.

The Trust involves the community in the following activities:

- Access to sport facilities
- Family learning opportunities
- Adult learning opportunities
- Out of school events and activities

The Trust has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the Trust can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The Trustees have considered the impact of the public benefit requirement including the guidance issued by the Charity Commission.

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Achievements and performance

Key performance indicators

- Biggin Hill Primary Academy is currently judged by OFSTED to be Outstanding
- Cleeve Primary School is currently judged by OFSTED to be Good
- Spring Cottage Primary School is currently judged by OFSTED to be Outstanding
- Thanet Primary School is currently judged by OFSTED to be Requires Improvement

Early Years Foundation Stage

	Biggin Hill	Cleeve	Spring Cottage	Thanet	National
Good Level of Development	72%	66%	75%	62%	72%

End of Key Stage 1

	Biggin Hill	Cleeve	Spring Cottage	Thanet	National
Reading	80%	76%	82%	72%	75%
Writing	71%	71%	75%	62%	70%
Mathematics	78%	78%	83%	69%	76%

End of Key Stage 2

	Biggin Hill	Cleeve	Spring Cottage	Thanet	National
Reading	77%	85%	86%	60%	75%
Writing	77%	81%	86%	75%	78%
Mathematics	77%	88%	84%	79%	76%
Grammar, Punctuation and Spelling	81%	85%	83%	69%	78%
Reading, Writing and Mathematics	68%	79%	80%	54%	64%

Going concern

After making appropriate enquiries, the Governing Body 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.

Financial review

During the period ended 31 August 2018, total expenditure of £9,196,818 (excluding depreciation and FRS 102 pension adjustments) was more than covered by the recurrent grant funding from the DfE together with other incoming resources of £9,340,982 (excluding transfers from the Local Authority on conversion). The excess of income over expenditure for the period was £144,164 (excluding depreciation, FRS 102 pension adjustments and transfers from the Local Authority on conversion).

At 31 August 2018 the net book value of fixed assets was £21,550,124 and movements in tangible fixed assets are shown in note 12 to the financial statements.

The Academy Trust's associate staff are entitled to membership of the Local Government Pension Scheme. The Academy Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £2,874,000.

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Reserves policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

A breakdown of the funds at 31 August 2018 is as follows:-

	£
Unrestricted general fund	451,917
Restricted general fund	443,754
Restricted fixed asset fund	21,570,007
Restricted pension fund	(2,874,000)
Total funds	<u>19,591,678</u>

Investment policy

The Trustees agree all investments made by the academies. Biggin Hill Primary Academy has invested surplus funds as per the investment policy. The Academy Trust will seek to hold adequate cash reserves for the day to day running of the School in line with the reserves policy.

Principal risks and uncertainties

The principal risk and uncertainties are centered around changes in the level of funding from the DfE/ESFA. In addition, the Academy Trust is a member of the Local Government Pension (LGPS), which may result in significant movements each year.

Fundraising

All academies within Horizon Academy Trust occasionally organise fundraising events such as fairs, fetes, cake sales and other activities. Horizon Academy Trust does not use professional fundraisers or involve commercial participators in our fundraising practices. There have been no complaints about fundraising activity this year.

All academies within the Trust comply with the Charities Commission guidance on fundraising. Marketing of fundraising activities is generally through school channels such as texts/letters to parents/carers or notices on the school noticeboard.

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Risk management

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. Key risks have been identified below:

Key Risks Identified:

- Staff retention: This is possibly the biggest single risk and would lie in failure to retain key staff, in particular the members of the Senior Leadership teams however there are not deemed to be any immediate threats in this regard.
- Material decrease in funding: a reduction in academy funding in real terms is expected over the coming years. However, the introduction of the National Funding Formula is likely to increase funding in cash terms at each of the academies in the Trust. Wherever possible academies are encouraged to generate their own additional income streams.
- Falling student numbers: the academies are currently running close to capacity, with outstanding and good Ofsted ratings across the Trust and local population rising the Trust is hopeful student numbers will be maintained.
- Cashflows: the Academies cashflows are in good health. The long term financial plan suggests that the cashflows will need careful regard in the long term to face the budgetary pressures across schools.
- Staff recruitment: conversion to a multi academy trust has not affected the attractiveness of the Trust for potential new staff. Falling numbers of teaching graduates is a concern to the Trustees and the Trust is committed to attracting quality teaching professionals.

Plans for future periods

The Academy Trust will continue striving to improve the levels of performance of its students at all levels by ensuring that the main objectives are achieved.

- The Academy Trust will continue to improve outcomes for all pupils and diminish the gap between disadvantaged and other pupils.
- The Trust will expand to a five school Multi Academy Trust with the addition of a further local primary school.
- A commitment to improving recruitment into the profession and retaining key personnel through high-quality professional development and career opportunities. This will encompass succession planning as the Trustees respond to developments with the Academy Trust.

Horizon Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Employment of disabled persons

The Finance, Resources & Operations Committee on the 17th July 2018 adopted a Single Equality Scheme. Within this policy equality objectives have been set including information of disabled persons. There is no specific policy on the employment of disabled people as race, gender and disability are treated with equal weighting. As part of the monitoring information, under the Equality Act 2010 for pay progression which is contained within the Model Pay Policy are reports to be submitted to the Local Governing Body as part of the Equal Opportunities monitoring system – this again includes staff who may have classified themselves as disabled. Employees invited to an interview as part of the recruitment and selection procedures are asked for any special requirements to ensure that they are not put at any disadvantage.

Description of employee consultation

Horizon Academy Trust uses several avenues to achieve meaningful employee consultation. Senior leaders regularly meet with teachers through staff development meetings and hold regular meetings with support and administrative staff. This ensures all employees are kept up-to-date with issues that affect them.

The trust's CEO works in close partnership with the recognised trade unions through a Joint Consultative Committee, which meet each half term. This mechanism is used to address employee's welfare and conditions of employment. The trade union representatives on the JCC meet with school staff to keep them informed of issues that transpires from these meetings as well as their work within the trust.

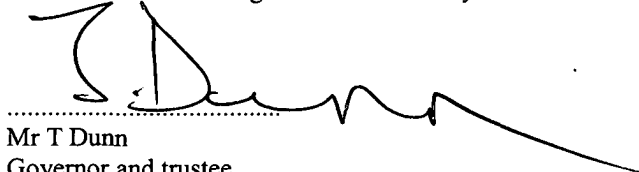
All academies who join the trust undertake a formal consultation process that includes all staff working in the school, trade union representatives, the trust's HR provider and senior leaders of the trust.

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the board of trustees on 29 November 2018 and signed on its behalf by:



Mr T Dunn
Governor and trustee

Horizon Academy Trust

Governance Statement

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to Mr A Chaffey, 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 Horizon Academy 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 4 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
Mr T Dunn	4	4
Mr K Billany	3	4
Mrs K Cutler	4	4
Mrs M Kermeen	4	4
Mr R Marsden	4	4
Mr P Greef	2	4
Mrs S Herrick	4	4
Mr P Brown	1	2

The Finance, Resources and Operations Committee is a sub-committee of the main board of trustees. Its purpose is to monitor closely the financial performance of the Academy and to review all policies and practices relating to these areas. Attendance at meetings during the year was as follows: Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Cutler	3	3
Mr R Marsden	3	3
Mr T Dunn	3	3
Mr K Billany	3	3
Mrs M Kermeen	3	3
Mr P Greef	1	3
Mrs S Herrick	3	3
Mr P Brown	0	1

Horizon Academy Trust

Governance Statement (continued)

Review of value for money

As accounting officer the chief executive officer 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 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 available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Reviewing school improvement across the Trust and implementing action plans within the academies.
- Procuring insurance through the risk protection arrangements resulting in a cost saving to the academies.
- Reviewing individual school costs and procuring services across the Trust to reduce costs.
- Enabling access to an online e-learning programme across the Trust to provide quality CPD for all staff.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Horizon Academy Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and 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;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Benjamin Merry, Finance Manager of The Constellation Trust, to perform additional checks as a 'Peer reviewer.'

Horizon Academy Trust

Governance Statement (continued)

The reviewer'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:

- Review of purchasing controls
- Review of payroll controls
- Review of income controls
- Review of monthly reporting & reconciliations

On a regular basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees's financial responsibilities.

There were no material control or other issues reported by the external auditor to date.


Review of effectiveness

As Accounting Officer, Mr A Chaffey 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 peer reviewer;
- the financial management and governance self assessment process;
- 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, Resources and Operations Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 29 November 2018 and signed on its behalf by:



Mr A Chaffey
Chief Executive Officer



Mr T Dunn
Governor and trustee

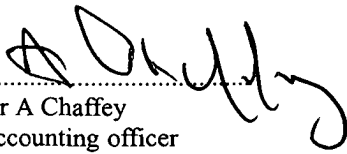
Horizon Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Horizon Academy 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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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.



.....
Mr A Chaffey
Accounting officer

29 November 2018

Horizon Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who are 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

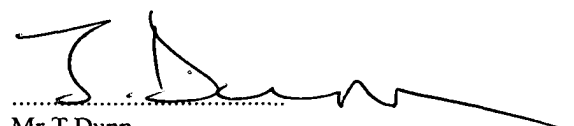
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 29 November 2018 and signed on its behalf by:


Mr A Chaffey
Chief Executive Officer


Mr T Dunn
Governor and trustee

Horizon Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Horizon Academy Trust

Opinion

We have audited the financial statements of Horizon Academy Trust (the 'Academy') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Horizon Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Horizon Academy Trust (continued)

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 (incorporating the Strategic Report and the Trustees' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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, 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 Statement of Trustees' Responsibilities [set out on page 14], 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'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.

Horizon Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Horizon Academy Trust (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy's Trustees, 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's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Beckett BA FCA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd Robson Limited, Statutory Auditor

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Date: 30/11/2018

Horizon Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Horizon Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 16 August 2018 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Horizon Academy Trust during the period 1 September 2017 to 31 August 2018 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 Horizon Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Horizon Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Horizon Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the board of trustees's funding agreement with the Secretary of State for Education dated 28 March 2013 and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management personnel.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Horizon Academy Trust

**Independent Reporting Accountant's Assurance Report on Regularity to Horizon Academy Trust
and the Education & Skills Funding Agency (continued)**

Forrester Boyd Robson Ltd

Michael Beckett BA FCA

For and on behalf of Forrester Boyd Robson Limited, Chartered Accountants

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Date: *30/11/2014*

Horizon Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	100,913	-	49,095	150,008
Transfer from local authority on conversion		-	(537,080)	5,909,252	5,372,172
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	8,720,974	-	8,720,974
Other trading activities	4	468,042	-	-	468,042
Investments	5	1,958	-	-	1,958
Total		570,913	8,183,894	5,958,347	14,713,154
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	264,585	9,376,233	537,333	10,178,151
Net income/(expenditure)		306,328	(1,192,339)	5,421,014	4,535,003
Transfers between funds		(263,918)	254,406	9,512	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	912,000	-	912,000
Net movement in funds/(deficit)		42,410	(25,933)	5,430,526	5,447,003
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		409,507	(2,404,313)	16,139,481	14,144,675
Total funds/(deficit) carried forward at 31 August 2018		451,917	(2,430,246)	21,570,007	19,591,678

Horizon Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

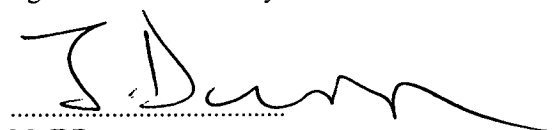
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2016/17 Total £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	48,525	-	29,195	77,720
Transfer of existing academies into the Trust		-	(1,936,772)	10,866,205	8,929,433
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	4,374,563	-	4,374,563
Other trading activities	4	168,388	-	-	168,388
Investments	5	1,655	-	-	1,655
Total		218,568	2,437,791	10,895,400	13,551,759
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	141,805	4,539,277	242,813	4,923,895
Net income/(expenditure)		76,763	(2,101,486)	10,652,587	8,627,864
Transfers between funds		(68,186)	(4,782)	72,968	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	580,000	-	580,000
Net movement in funds/(deficit)		8,577	(1,526,268)	10,725,555	9,207,864
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		400,930	(878,045)	5,413,926	4,936,811
Total funds/(deficit) carried forward at 31 August 2017		409,507	(2,404,313)	16,139,481	14,144,675

Horizon Academy Trust

(Registration number: 08411590)
Balance Sheet as at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	21,550,124	16,132,380
Current assets			
Debtors	13	308,589	236,620
Cash at bank and in hand		<u>1,324,881</u>	<u>1,012,348</u>
		1,633,470	1,248,968
Creditors: Amounts falling due within one year	14	<u>(717,916)</u>	<u>(609,673)</u>
Net current assets		<u>915,554</u>	<u>639,295</u>
Total assets less current liabilities		<u>22,465,678</u>	<u>16,771,675</u>
Net assets excluding pension liability		22,465,678	16,771,675
Pension scheme liability	23	<u>(2,874,000)</u>	<u>(2,627,000)</u>
Net assets including pension liability		<u>19,591,678</u>	<u>14,144,675</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		443,754	222,687
Restricted fixed asset fund		21,570,007	16,139,481
Restricted pension fund		<u>(2,874,000)</u>	<u>(2,627,000)</u>
		19,139,761	13,735,168
Unrestricted funds			
Unrestricted general fund		<u>451,917</u>	<u>409,507</u>
Total funds		<u>19,591,678</u>	<u>14,144,675</u>

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue on 29 November 2018 and signed on their behalf by:



Mr T Dunn
Governor and trustee

Horizon Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	18	6,216,557	10,959,063
Returns on investments and servicing of finance		1,958	1,655
Capital expenditure and financial investment	19	<u>(5,905,982)</u>	<u>(10,932,072)</u>
Increase in cash in the year	20	<u><u>312,533</u></u>	<u><u>28,646</u></u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

General information

The academy trust is a private company limited by guarantee and incorporated in the United Kingdom.

The address of its registered office is:

Biggin Hill Primary School
Biggin Avenue
Hull
HU7 4RL

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.

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2017 to 2018 issued by the Education and Skills Funding Agency issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and have been rounded to the nearest pound.

Horizon Academy Trust meets the definition of a public benefit entity under FRS 102.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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 period is deducted from income and recognised as a liability.

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

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

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 over the useful economic life in accordance with the academy trust's accounting policies.

Transfer on conversion

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

Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Restricted General Funds and Restricted Fixed Asset Funds.

Donated fixed assets

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 over the useful economic life in accordance with the academy trust's accounting policies.

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

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.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset class	Depreciation method and rate
Freehold Land	£nil
Freehold Buildings	2% straight line
Leasehold Land	Over the residual period of the lease (125 years)
Leasehold Buildings	2% straight line
Improvements to Leasehold Land & Buildings	4% and 10% straight line
Computer Equipment	33% straight line
Furniture & Equipment	20% straight line

Liabilities

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

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31/08/2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	2017/18 Total £	2016/17 Total £
Other voluntary income				
Educational trips and visits	56,826	-	56,826	30,602
Capital grants	-	49,095	49,095	29,195
Other donations	44,087	-	44,087	17,923
	<u>100,913</u>	<u>49,095</u>	<u>150,008</u>	<u>77,720</u>

3 Funding for the Academy Trust's educational operations

	Restricted funds £	2017/18 Total £	2016/17 Total £
DfE/ESFA revenue grants			
General Annual Grant	6,693,090	6,693,090	3,326,866
Pupil Premium	940,297	940,297	544,311
UIFSM	200,111	200,111	96,075
Other ESFA grants	107,432	107,432	26,514
	<u>7,940,930</u>	<u>7,940,930</u>	<u>3,993,766</u>
Other government grants			
SEN, Early Years and other LA Funding	780,044	780,044	380,797
Total grants	<u>8,720,974</u>	<u>8,720,974</u>	<u>4,374,563</u>

4 Other trading activities

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Hire of facilities	12,632	12,632	10,362
Catering income	138,933	138,933	27,604
Recharges and reimbursements	72,006	72,006	21,201
Other income	244,471	244,471	109,221
	<u>468,042</u>	<u>468,042</u>	<u>168,388</u>

5 Investment income

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Interest Received	1,958	1,958	1,655

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Resources expended

	Non Pay Expenditure			2017/18	2016/17
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Academy's educational operations					
Direct costs	6,509,640	499,751	510,677	7,520,068	3,769,999
Allocated support costs	<u>1,636,595</u>	<u>374,740</u>	<u>646,748</u>	<u>2,658,083</u>	<u>1,153,896</u>
	<u>8,146,235</u>	<u>874,491</u>	<u>1,157,425</u>	<u>10,178,151</u>	<u>4,923,895</u>

Net incoming/outgoing resources for the year include:

	2018	2017
	£	£
Operating leases:		
Operating leases - other leases	27,445	6,945
Fees payable to auditor - audit	11,000	9,000
- other audit services	2,450	815
Depreciation	<u>537,333</u>	<u>242,813</u>

7 Charitable activities

	2017/18	2016/17
	£	£
Direct costs - educational operations	7,520,068	3,769,999
Support costs - educational operations	<u>2,658,083</u>	<u>1,153,896</u>
	<u>10,178,151</u>	<u>4,923,895</u>

	Educational operations	2017/18	2016/17
	£	Total	Total
		£	£
Analysis of support costs			
Support staff costs	1,636,595	1,636,595	580,200
Depreciation	37,582	37,582	33,050
Premises costs	337,158	337,158	202,733
Other support costs	<u>646,748</u>	<u>646,748</u>	<u>337,913</u>
Total support costs	<u>2,658,083</u>	<u>2,658,083</u>	<u>1,153,896</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff

Staff costs

	2018 £	2017 £
Staff costs during the year were:		
Wages and salaries	6,068,321	2,915,337
Social security costs	501,634	244,169
Pension costs	1,499,937	668,301
Apprenticeship levy	15,615	2,804
	<u>8,085,507</u>	<u>3,830,611</u>
Supply staff costs	55,555	23,670
Staff restructuring costs	5,173	-
	<u>8,146,235</u>	<u>3,854,281</u>
		2018 £

Staff restructuring costs comprise:

Severance payments	<u>5,173</u>
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Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £5,173 (2013: £Nil). Individually, the payments were:

Non-contractual payments: £5,173 made on 30 April 2018

Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year was as follows:

	2018 No	2017 No
Charitable Activities		
Teachers	95	72
Administration and support	249	187
Management	<u>4</u>	<u>7</u>
	<u>348</u>	<u>266</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No	2017 No
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-

The above disclosure is based on a remuneration for a 12 month period.

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2.

The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to Horizon Academy Trust for the year ended 31 August 2018 was £314,478 (4 month period ended 31 August 2017: £100,657).

The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to Biggin Hill Primary Academy for the 8 month period ended 30 April 2017 was £335,182.

9 Central services

The Academy Trust has provided the following central services to its academies during the year:

- Provision of the services of a Chief Financial Officer and Chief Executive Officer
- School Improvement
- Human Resources
- Clerking
- Audit, pension and legal services
- Grounds maintenance
- Provision of finance and budgeting systems

The trust charges for these services on the following basis:

- 4% for a non-supported academy
- 5% for a supported academy or first year of a non-supported academy

The actual amounts charged during the year were as follows:

	2018 £
Biggin Hill Primary Academy	62,687
Cleeve Primary School	44,746
Spring Cottage Primary School	47,151
Thanet Primary School	45,698
	<u>200,282</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from 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, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Mr A Chaffey (Chief Executive Officer):

Remuneration: £25,000 - £30,000 (2017 - £45,000 - £50,000)

Employer's pension contributions: £Nil (2017 - £0 - £5,000)

Mrs G Hodgson (Teacher):

Remuneration: £Nil (2017 - £25,000 - £30,000)

Employer's pension contributions: £Nil (2017 - £0 - £5,000)

Mrs I Clarke (Teachers Aide):

Remuneration: £Nil (2017 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2017 - £0 - £5,000)

Mr P Plumb (Teachers Aide):

Remuneration: £Nil (2017 - £5,000 - £10,000)

Employer's pension contributions: £Nil (2017 - £0 - £5,000)

Mr S Clark (Head of School):

Remuneration: £Nil (2017 - £40,000 - £45,000)

Employer's pension contributions: £Nil (2017 - £5,000 - £10,000)

Mr M Dodd (Executive Head Teacher):

Remuneration: £Nil (2017 - £5,000 - £10,000)

Employer's pension contributions: £Nil (2017 - £0 - £5,000)

From 1 May 2017 there was no trustees remuneration under the new MAT structure, other than remuneration for Mr A Chaffey.

The above remuneration for 2017 is for an 8 month period for Biggin Hill Primary Academy only.

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017 - £662) were reimbursed or paid directly to 0 trustees (2017 - 2).

Other related party transactions involving the trustees are set out in note 24.

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

11 Trustees' and officers' insurance

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

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and fixtures £	Plant and equipment £	Improvements to Leasehold Land and Buildings £	Total £
Cost						
At 1 September 2017	-	15,599,985	91,008	159,860	732,602	16,583,455
Additions	-	-	10,661	22,014	13,150	45,825
Inherited assets	5,909,252	-	-	-	-	5,909,252
Transfers	-	(184,971)	-	-	184,971	-
At 31 August 2018	<u>5,909,252</u>	<u>15,415,014</u>	<u>101,669</u>	<u>181,874</u>	<u>930,723</u>	<u>22,538,532</u>
Depreciation						
At 1 September 2017	-	312,003	21,445	95,262	22,365	451,075
Charge for the year	92,299	301,208	27,369	37,582	78,875	537,333
Transfers	-	(20,284)	-	-	20,284	-
At 31 August 2018	<u>92,299</u>	<u>592,927</u>	<u>48,814</u>	<u>132,844</u>	<u>121,524</u>	<u>988,408</u>
Net book value						
At 31 August 2018	<u>5,816,953</u>	<u>14,822,087</u>	<u>52,855</u>	<u>49,030</u>	<u>809,199</u>	<u>21,550,124</u>
At 31 August 2017	<u>-</u>	<u>15,287,982</u>	<u>69,563</u>	<u>64,598</u>	<u>710,237</u>	<u>16,132,380</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

12 Tangible fixed assets (continued)

Included within leasehold land and buildings is £14,822,087 (2017: £15,123,296) relating to long leasehold land and buildings.

The leasehold land and buildings at Biggin Avenue was donated to the trust at a value of £5,355,000 in the period ended 31 August 2014 per a valuation in October 2013 by Eddisons Chartered Surveyors.

The leasehold land and buildings at Wawne Road (Cleeve Primary School) was transferred to the trust at a value of £4,147,191 in the period ended 31 August 2017 per depreciated cost recognised in the period ended 30 April 2017 Financial Statements for Cleeve Primary School.

The leasehold land and buildings at Dressay Grove (Spring Cottage Primary School) was transferred to the trust at a value of £5,912,823 in the period ended 31 August 2017 per depreciated cost recognised in the period ended 30 April 2017 Financial Statements for Spring Cottage Academy.

There are formal leases in place with the local authority for 125 years for all of the above land and buildings at £nil rental. As the academy trust holds the risks and rewards of the buildings, the assets have been included on the basis of substance over legal form.

The freehold land and buildings at Tedworth Road (Thanet Primary School) was donated to the trust at a value of £5,909,252 in the period ended 31 August 2018 per a valuation in November 2017 by NPS Humber Ltd.

13 Debtors

	2018 £	2017 £
Trade debtors	11,363	2,958
Prepayments	75,699	47,741
Accrued grant and other income	196,835	144,727
VAT recoverable	24,692	38,949
Other debtors	-	2,245
	<u>308,589</u>	<u>236,620</u>

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	128,384	202,240
Other taxation and social security	124,901	97,871
Other creditors	75,079	13,961
Pension scheme creditor	133,717	107,927
Accruals	103,608	88,546
Deferred income	152,227	99,128
	<u>717,916</u>	<u>609,673</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Creditors: amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	99,128	37,346
Resources deferred in the period	152,227	99,128
Amounts released from previous periods	(99,128)	(37,346)
Deferred income at 31 August 2018	<u>152,227</u>	<u>99,128</u>

Deferred income relates to Universal Free School Meal funding received in July 2018 and rates relief claim funding received in advance for the period September 2018 to March 2019.

15 Funds

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant	319,459	6,693,090	(6,904,739)	199,466	307,276
Pupil Premium	-	940,297	(940,297)	-	-
UFSM	-	200,111	(200,111)	-	-
Other ESFA grants	-	107,432	(107,042)	-	390
SEN & Early Years Funding	-	780,044	(780,044)	-	-
Transfer of Funds from Existing Academies into the Trust	(96,772)	-	-	54,940	(41,832)
Transfer of Funds from Local Authority	-	177,920	-	-	177,920
	<u>222,687</u>	<u>8,898,894</u>	<u>(8,932,233)</u>	<u>254,406</u>	<u>443,754</u>
Restricted fixed asset funds					
Donated Assets from Local Authority	5,190,824	5,909,252	(186,493)	(58,538)	10,855,045
Capital grants and expenditure from GAG	184,423	49,095	(48,090)	67,556	252,984
Transfer of Assets from Existing Academies into the Trust	10,764,234	-	(302,750)	494	10,461,978
	<u>16,139,481</u>	<u>5,958,347</u>	<u>(537,333)</u>	<u>9,512</u>	<u>21,570,007</u>
Restricted pension funds					
Pension Liability	(950,000)	-	(136,000)	336,000	(750,000)
Transfer of Pension Liabilities from Existing Academies into the Trust	(1,677,000)	-	(215,000)	485,000	(1,407,000)
Transfer of Pension Liabilities from Local Authority	-	(715,000)	(93,000)	91,000	(717,000)
	<u>(2,627,000)</u>	<u>(715,000)</u>	<u>(444,000)</u>	<u>912,000</u>	<u>(2,874,000)</u>
Total restricted funds	13,735,168	14,142,241	(9,913,566)	1,175,918	19,139,761

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds (continued)

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Unrestricted funds					
Unrestricted general funds	409,507	570,913	(264,585)	(263,918)	451,917
Total funds	14,144,675	14,713,154	(10,178,151)	912,000	19,591,678

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

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	334,955	3,326,866	(3,337,580)	(4,782)	319,459
Pupil Premium	-	544,311	(544,311)	-	-
UFSM	-	96,075	(96,075)	-	-
Other ESFA grants	-	26,514	(26,514)	-	-
SEN & Early Years Funding	-	380,797	(380,797)	-	-
Transfer of Funds from Existing Academies into the Trust	-	(96,772)	-	-	(96,772)
	334,955	4,277,791	(4,385,277)	(4,782)	222,687
Restricted fixed asset funds					
Donated Assets from Local Authority	5,226,480	-	(105,502)	69,846	5,190,824
Capital grants and expenditure from GAG	187,446	29,195	(34,813)	2,595	184,423
Transfer of Assets from Existing Academies into the Trust	-	10,866,205	(102,498)	527	10,764,234
	5,413,926	10,895,400	(242,813)	72,968	16,139,481
Restricted pension funds					
Pension Liability	(1,213,000)	-	(68,000)	331,000	(950,000)
Transfer of Pension Liabilities from Existing Academies into the Trust	-	(1,840,000)	(86,000)	249,000	(1,677,000)
	(1,213,000)	(1,840,000)	(154,000)	580,000	(2,627,000)
Total restricted funds	4,535,881	13,333,191	(4,782,090)	648,186	13,735,168
Unrestricted funds					
Unrestricted general funds	400,930	218,568	(141,805)	(68,186)	409,507
Total funds	4,936,811	13,551,759	(4,923,895)	580,000	14,144,675

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant	334,955	10,019,956	(10,242,319)	194,684	307,276
Pupil Premium	-	1,484,608	(1,484,608)	-	-
UIFSM	-	296,186	(296,186)	-	-
Other ESFA grants	-	133,946	(133,556)	-	390
SEN & Early Years Funding	-	1,160,841	(1,160,841)	-	-
Transfer of Funds from Existing Academies into the Trust	-	(96,772)	-	54,940	(41,832)
Transfer of Funds from Local Authority	-	177,920	-	-	177,920
	<u>334,955</u>	<u>13,176,685</u>	<u>(13,317,510)</u>	<u>249,624</u>	<u>443,754</u>
Restricted fixed asset funds					
Donated Assets from Local Authority	5,226,480	5,909,252	(291,995)	11,308	10,855,045
Capital grants and expenditure from GAG	187,446	78,290	(82,903)	70,151	252,984
Transfer of Assets from Existing Academies into the Trust	-	10,866,205	(405,248)	1,021	10,461,978
	<u>5,413,926</u>	<u>16,853,747</u>	<u>(780,146)</u>	<u>82,480</u>	<u>21,570,007</u>
Restricted pension funds					
Pension Liability	(1,213,000)	-	(204,000)	667,000	(750,000)
Transfer of Pension Liabilities from Existing Academies into the Trust	-	(1,840,000)	(301,000)	734,000	(1,407,000)
Transfer of Pension Liabilities from Local Authority	-	(715,000)	(93,000)	91,000	(717,000)
	<u>(1,213,000)</u>	<u>(2,555,000)</u>	<u>(598,000)</u>	<u>1,492,000</u>	<u>(2,874,000)</u>
Total restricted funds	4,535,881	27,475,432	(14,695,656)	1,824,104	19,139,761
Unrestricted funds					
Unrestricted general funds	<u>400,930</u>	<u>789,481</u>	<u>(406,390)</u>	<u>(332,104)</u>	<u>451,917</u>
Total funds	<u>4,936,811</u>	<u>28,264,913</u>	<u>(15,102,046)</u>	<u>1,492,000</u>	<u>19,591,678</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

SEN funding is provided for the provision of services for children with special educational needs.

Pupil Premium Grant, which may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year.

Devolved capital allocated direct by the DfE must be spent on capital purposes.

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to these additions.

Restricted General Funds are made up of various revenue grants which are defrayed throughout the year on specific educational needs. The academy trust was not subject to a limit on GAG carry forward.

Restricted Fixed Asset Funds represent reserves of the charity that are specifically designated for capital. Inherited assets are principally the land and buildings from the former school.

During the year to 31 August 2018 a transfer from Unrestricted General Funds of £263,918 to General Annual Grant is to cover the in year deficit of Spring Cottage Primary School.

During the year to 31 August 2018 a transfer from of £9,512 from General Annual Grant to Restricted Fixed Asset Funds is the result of General Annual Grant money being spent on capital.

During the year to 31 August 2017 a transfer from Unrestricted General Funds of £68,186 to Restricted Fixed Asset Funds is to cover money spent on capital.

During the year to 31 August 2017 a transfer from of £4,782 from General Annual Grant to Restricted Fixed Asset Funds is the result of General Annual Grant money being spent on capital.

Restricted Pension Funds represent the LGPS pension deficit.

The Trust expects all of its constituent academies to maintain a surplus level of overall restricted and unrestricted reserves, excluding the pension scheme deficit. Not all of the academies are yet to achieve this position and the Trust works alongside these schools to understand the reasons for the deficit position and to work towards eliminating the deficit over a period of 2-3 years. The Trust overall carries a surplus on unrestricted and restricted reserves and as such is still considered to be in good financial health.

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £	2017 £
Biggin Hill Primary Academy	754,347	697,256
Cleeve Primary School	52,402	(76,574)
Spring Cottage Primary School	(64,852)	(2,655)
Thanet Primary School	103,316	-
Central Services	50,458	14,167
Total before fixed assets and pension reserve	895,671	632,194
Donated Assets from Local Authority	21,570,007	16,139,481
Pension Liability	(2,874,000)	(2,627,000)
Total	19,591,678	14,144,675

Spring Cottage Primary School is carrying a net deficit of £(64,852) on these funds because:

Due to differences in the demographic of the pupils at Spring Cottage, the school receives less deprivation funding than the other academies within the Trust. The school therefore faces additional pressures to maintain an adequate level of self-generated income to be able to fund staffing and general running of the school.

The trust is taking the following action to return the academy to surplus:

The Trust recognises these pressures and is investigating different models of central cost contributions, alongside the school continuously reviewing its staffing structure to achieve further efficiencies. The Trust's aim is to return the school to a surplus position in the next 2-3 years by a continuous process of cost reductions and exploration of further income streams and trust-wide efficiencies.

Analysis of academies by cost

Expenditure incurred by each academy during the year (including central service contributions of £200,282) was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2018 £	Total 2017 £
Biggin Hill Primary Academy	2,261,218	443,210	131,445	367,599	3,203,472	3,092,475
Cleeve Primary School	1,700,191	358,287	76,461	304,979	2,439,918	887,127
Spring Cottage Primary School	1,361,583	455,791	102,758	288,519	2,208,651	709,035
Thanet Primary School	1,154,199	317,683	56,212	269,725	1,797,819	-
Central services	32,449	61,624	284	96,883	191,240	94,261
Academy Trust	6,509,640	1,636,595	367,160	1,327,705	9,841,100	4,782,898

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	21,550,124	21,550,124
Current assets	491,839	1,121,748	19,883	1,633,470
Current liabilities	-	(717,916)	-	(717,916)
Pension scheme liability	-	(2,874,000)	-	(2,874,000)
Total net assets	<u>491,839</u>	<u>(2,470,168)</u>	<u>21,570,007</u>	<u>19,591,678</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	16,132,380	16,132,380
Current assets	409,507	832,360	7,101	1,248,968
Current liabilities	-	(609,673)	-	(609,673)
Pension scheme liability	-	(2,627,000)	-	(2,627,000)
Total net assets	<u>409,507</u>	<u>(2,404,313)</u>	<u>16,139,481</u>	<u>14,144,675</u>

17 Financial commitments

Operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	42,330	25,301
Amounts due between one and five years	<u>59,311</u>	<u>29,112</u>
	<u>101,641</u>	<u>54,413</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2018 £	2017 £
Net income	4,535,003	8,627,864
Depreciation	537,333	242,813
Donated capital and capital grants	(49,095)	(29,195)
Interest receivable	(1,958)	(1,655)
FRS 102 net interest on defined benefit pension scheme	86,000	41,000
FRS102 cost less contributions payable on defined benefit pension scheme	358,000	113,000
Increase in debtors	(71,969)	(131,004)
Increase in creditors	108,243	256,240
Inherited Pension	715,000	1,840,000
Net cash inflow from operating activities	<u>6,216,557</u>	<u>10,959,063</u>

19 Cash flows from investing activities

	2018 £	2017 £
Purchase of tangible fixed assets	(45,825)	(95,062)
Capital grants from DfE	49,095	29,195
Inherited Assets	<u>(5,909,252)</u>	<u>(10,866,205)</u>
Net cash outflow from capital expenditure and financial investment	<u>(5,905,982)</u>	<u>(10,932,072)</u>

20 Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>1,324,881</u>	<u>1,012,348</u>
Total cash and cash equivalents	<u>1,324,881</u>	<u>1,012,348</u>

21 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy Trust serving notice, the Academy Trust shall repay to the Secretary of State sums determined by the reference to:

- the value at that time of the Academy Trust's site and premises and other assets held for the purpose of the Academy Trust, and
- the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State under the funding agreement.

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

22 Members' liability

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

23 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £133,317 (2017 - £107,927) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £494,511 (2017: £254,368). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

23 Pension and similar obligations (continued)

Under the definitions set out in Financial Reporting Standard 102 (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 scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £788,000 (2017 - £360,000), of which employer's contributions totalled £647,000 (2017 - £301,000) and employees' contributions totalled £141,000 (2017 - £59,000). The agreed contribution rates for future years are 29.2 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

	At 31 August 2018 %	At 31 August 2017 %
Rate of increase in salaries	2.60	2.60
Rate of increase for pensions in payment/inflation	2.40	2.40
Discount rate for scheme liabilities	2.80	2.50

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

	At 31 August 2018	At 31 August 2017
Retiring today		
Males retiring today	21.70	21.70
Females retiring today	24.20	24.20
Retiring in 20 years		
Males retiring in 20 years	23.70	23.70
Females retiring in 20 years	26.40	26.40

Sensitivity analysis

	At 31 August 2018 £	At 31 August 2017 £
Discount rate -0.5%	1,212,000	889,000
Salary rate +0.5%	227,000	192,000
Pension rate +0.5%	968,000	679,000
Mortality assumption - 1 year increase	362,000	269,000

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

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

23 Pension and similar obligations (continued)

	2018 £	2017 £
Equities	4,454,000	2,903,000
Other bonds	805,000	532,000
Property	743,000	450,000
Cash and other liquid assets	186,000	203,000
Total market value of assets	<u>6,188,000</u>	<u>4,088,000</u>

The actual return on scheme assets was £364,000 (2017 - £38,000).

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost (net of employer contributions)	358,000	52,000
Net interest cost	86,000	41,000
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	61,000
Total operating charge	<u>444,000</u>	<u>154,000</u>

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

	2018 £	2017 £
At start of period	6,715,000	2,498,000
Conversion of academy trusts	1,742,000	-
Transferred in on existing academies joining the trust	-	4,076,000
Current service cost	1,005,000	353,000
Interest cost	221,000	87,000
Employee contributions	141,000	59,000
Actuarial (gain)/loss	(683,000)	(624,000)
Losses or gains on curtailments	-	305,000
Benefits paid	<u>(79,000)</u>	<u>(39,000)</u>
At 31 August	<u>9,062,000</u>	<u>6,715,000</u>

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

	2018 £	2017 £
At start of period	4,088,000	1,285,000
Conversion of academy trusts	1,027,000	-
Transferred in on existing academies joining the trust	-	2,236,000
Interest income	135,000	46,000
Actuarial gain/(loss)	229,000	(44,000)
Employer contributions	647,000	301,000
Employee contributions	141,000	59,000
Benefits paid	<u>(79,000)</u>	<u>(39,000)</u>
Losses or gains on curtailments	-	244,000
At 31 August	<u>6,188,000</u>	<u>4,088,000</u>

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24 Related party transactions

Owing to the nature of the academy trust and the composition of the board of governors 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 AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure related party transactions

During the year the academy made the following related party transactions:

Humber Education Trust

(C Purdue (CFO) was also acting CFO for Humber Education Trust until 31 December 2017.)

During the period the Trust purchased HR services amounting to £4,428 (2017 : £nil).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and Humber Education Trust has provided a statement of assurance confirming this.

At the balance sheet date the amount due to Humber Education Trust was £Nil (2017 - £Nil).

Close family members

A Dunn, spouse of T Dunn, a Trustee, is employed by the Multi Academy Trust as an Education Support Assistant. A Dunn's appointment was made in open competition and T Dunn was not involved in the decision making process regarding appointment. A Dunn is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Trustee.

Income related party transactions

During the year the academy made the following related party transactions:

Humber Education Trust

(C Purdue (CFO) was also acting CFO for Humber Education Trust until 31 December 2017.)

During the year the Trust provided CFO services, finance support and admin and curriculum support amounting to £10,395 (2017 : £nil).

25 Conversion to an academy trust

On 1 November 2017 the Thanet Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Horizon Academy Trust from the Hull City Council Local Authority for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

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

Horizon Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

25 Conversion to an academy trust (continued)

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets				
Freehold land and buildings	-	-	5,909,252	5,909,252
Budget surplus on LA funds	177,920	-	-	177,920
Other identified assets and liabilities	-	(715,000)	-	(715,000)
Net assets/(liabilities)	<u>177,920</u>	<u>(715,000)</u>	<u>5,909,252</u>	<u>5,372,172</u>

The above net assets include £164,278 that were transferred as cash.