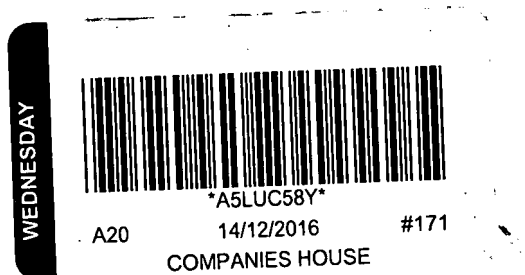


Company Registration No. 08608287 (England and Wales)

**HORIZONS SPECIALIST ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**



# HORIZONS SPECIALIST ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

E Horne CBE (Chief Executive)  
S Davison  
C Whittaker (Chair)  
L Laidler  
A Chapman (Resigned 17 December 2015)  
G Barker (Resigned 3 August 2016)  
Dr B Sinha  
J Bromiley  
H Dyson  
M Jones (Vice chair)  
S Richardson (Appointed 18 July 2016)

### Senior management team

- Chief Executive	E Horne
- Principal	P Ewart
- Principal	R Whelan
- Principal	A Amos
- Principal	M Lyons

### Company secretary

A Dobson

### Company registration number

08608287 (England and Wales)

### Registered office

Horizons Specialist Academy Trust  
Abbey Hill Academy  
Ketton Road  
Stockton-on-Tees  
TS19 8BU

### Academies operated

Abbey Hill Academy  
Westlands Academy  
Green Gates Academy

### Location

Stockton-on-Tees  
Stockton-on-Tees  
Stockton-on-Tees

### Independent auditor

RSM UK Audit LLP  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

### Bankers

Lloyds Bank  
27 High Street  
Stockton-on-Tees  
Cleveland  
TS18 1SG

### Solicitors

Bond Dickinson LLP  
One Trinity  
Newcastle upon Tyne  
NE1 2HF

# **HORIZONS SPECIALIST ACADEMY TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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Legal Services  
Stockton Borough Council  
Municipal Buildings  
Church Road  
Stockton-on-Tees  
TS18 1LD

# **HORIZONS SPECIALIST ACADEMY TRUST**

## **TRUSTEES' REPORT**

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

Horizons Specialist Academy Trust (the "Trust") was incorporated on 12 July 2013. It is a company limited by guarantee with no share capital (registration number 08608287) and an exempt charity under the Academies Act 2010. The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The trustees of the Trust are also the directors of the charitable company for the purposes of company law. Trustees of the charitable company are nominated by either the Secretary of State for Education or by the members. Horizons Specialist Academy Trust is a single trust multi-academy trust. In that capacity, it acts as one employer across all academies within the Trust. The schools forming part of the Trust during the financial year were:

- Abbey Hill Academy & Sixth Form – Ketton Road, Stockton on Tees, TS19 8BU
- Westlands Academy – Eltham Crescent, Thornaby, Stockton on Tees, TS17 9RA
- Green Gates Academy - Melton Road, Stockton on Tees, TS19 0JD

All schools converted to academy status on 1 August 2013; however, between 1 August 2013 and 31 August 2014, Westlands Academy and Green Gates Academy were one (Westlands School operating over two sites) until officially re-designated as two by the DfE with effect from 1 September 2014.

Details of the trustees who served during the period are included in the reference and administrative details on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

The Trust has purchased insurance to protect trustees and staff from claims arising due to negligent acts, errors or omissions whilst carrying out academy business. A trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the trustees knew to be a breach of trust or breach of duty or which was committed by the trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as trustees of the Trust.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Method of recruitment and appointment or election of trustees**

Trustees are appointed under the rules contained within the Trust's memorandum and articles of association and membership of the board of trustees is in accordance with the structure contained within it, i.e. the chief executive, member appointed trustees and a minimum of two parent trustees. The number of trustees is not subject to any maximum and the appointments made are in line with the guidance in the articles of association.

The trustees make the necessary arrangements for and determine all matters relating to the election of parent trustees. Parent trustees must be a parent of a pupil at one of the Academies at the time they were elected or when the Trust was established. However, if not practical to do so, a person can be appointed who is the parent of a child of school age.

The chief executive of the Trust shall be a trustee for as long as she remains in that position.

The trustees may appoint co-opted trustees. The trustees may not co-opt an employee of the Trust as a co-opted trustee if thereby the number of trustees who are employees would exceed one third of the total number of trustees. A co-opted trustee was appointed on 18 July 2016.

The Secretary of State may appoint additional trustees as she thinks fit if she has given a warning notice and the trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction, within the compliance period. The Secretary of State may also appoint additional trustees following an inspection by the Chief Inspector of Schools (Ofsted) where the Trust receives a grading which amounts to a drop of two Ofsted grades.

The Trust has the following trustees:

E Horne CBE (appointed 12 July 2013)  
S Davison (appointed 12 July 2013)  
C Whittaker (appointed 12 July 2013)  
M Jones (appointed 12 July 2013)  
L Laidler (appointed 12 July 2013)  
Dr B Sinha (appointed 16 December 2014)  
H Dyson (appointed 2 March 2015)  
J Bromiley (appointed 1 May 2015)  
S Richardson (appointed 18 July 2016)

The following people served as trustees for part of the year but were not trustees at the year end:

G Barker (appointed 12 July 2013 and resigned on 3 August 2016)  
A Chapman (appointed 8 October 2014 and removed 17 December 2015)

The appointment of new trustees will involve analysis of the present trustees' skills and identification of any gaps. Robust trustee recruitment would then ensure prospective trustees have the skills required by the board, this includes potential trustees being interviewed by the chair and chief executive, prior to any recommendation for appointment.

### **Policies and procedures adopted for the induction and training of trustees**

In line with the Trust's Induction Guidance, all new trustees will be provided with induction, appropriate to their experience and expertise, by the Trust's governance operations manager and members of the Trust's Executive Leadership Team. The Trust has also sourced an external provider to facilitate induction training and both external and internal opportunities are utilised to provide high quality training.

Training requirements are identified annually during the self evaluation process and also to reflect changes to legislation. During 2015/2016 trustees' training focused both on external and internal factors. Ofsted training was undertaken early in the academic year and a training workshop took place in order to support discussions around governance structures, to ensure robust governance continued as the Trust moved into planning towards sponsoring a new academy. For the 2016/2017 academic year, the Trust's Safeguarding Lead is scheduled to provide training with regard to the child protection policy following the updated Keeping Children Safe in Education 2016, and trustees will also be undertaking safeguarding training specifically for those in governance roles.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Organisational structure**

The leadership and management structure of the Trust consists of the board of trustees, four committees (finance & general purposes, performance management, provision & achievement and audit), the Local Advisory Group, the Executive Leadership Team and the Senior Leadership Teams of each academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. In addition, there is a Joint Consultative Group involving representatives from trade unions within the Trust who meet on an at least termly basis with the chief executive, members of the Executive Leadership Team and a member of the board of trustees. The Trust also has a fully established Safeguarding Forum.

The board of trustees has overall responsibility and is ultimately accountable for the academies within the Trust. They hold the chief executive to account, who in turn holds the academy principals to account.

Powers are delegated from the board via the Trust's Terms of Reference, which is reviewed on an annual basis.

The trustees, through meetings of the board and its committees, are responsible for the strategic direction of the Trust and its individual academies, which includes:

- setting general policy;
- adopting and monitoring the Trust's Strategic Improvement Plan and individual Academy Improvement Plans;
- detailing and reviewing the curriculum;
- identifying Key Performance Indicators and monitoring performance;
- monitoring progress and performance against Key Performance Indicators;
- monitoring the standards and performance of the Trust's academies;
- budget approval and monitoring; and
- making major decisions in relation to the Trust and Executive Leadership Team.

The Local Advisory Group undertakes a consultative role and advises the chief executive and the board in respect of matters relating to the academies. In particular it:

- advises on the development of contacts with the community and community use of the Trust's premises;
- organises events to raise funds for the purpose of extending learning opportunities for pupils and students;
- highlights any concerns relating to the Trust's pupils and students;
- establishes curricular and good practice working groups to undertake task and finish projects;
- consults staff, parents and stakeholders on a range of issues including school term dates, length of the school day, holiday clubs.

Horizons Executive Leadership Team (HELT) consists of the chief executive, four principals, head of care for the residential provision, head of finance & operations, head of strategy & SEN. In addition other key personnel, including the head of HR, IT manager and governance operations manager advise the Executive Leadership Team. HELT leads and manages the Trust at an executive level, steering the direction of the Trust in line with strategic plans and developing opportunities.

The Senior Leadership Teams are responsible for the day to day operation of each individual academy in addition to supporting the wider work and objectives of the Trust.

### **Arrangements for setting pay and remuneration of key management personnel**

Salaries for members of the Executive Leadership Team are set in line with national Teachers' Pay & Conditions linked to Individual School Ranges (ISRs) or as a result of formal job evaluation and benchmarking arrangements.

The board appointed Elizabeth Horne CBE, chief executive of Horizons Specialist Academy Trust, as accounting officer for the Trust.

### **Related parties and co-operation with other organisations**

There are no related parties which either control or significantly influence the decisions and operations of the Trust.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### OBJECTIVES AND ACTIVITIES

The principal objective of the Trust is the provision of outstanding educational and learning experiences to support children and young people with special educational needs.

Horizons Specialist Academy Trust (HSAT) was established with the aim of further developing and continuously improving services based on the assessed needs of our pupils and students. Through our close working relationships with local schools we support our pupils to form individual and educational links with other children and young people around them.

Established partnerships with post-16 and post-19 education, and vocational learning providers help prepare our students for adulthood and the wider world. Our close partnership with parents and carers helps them realise the hopes and aspirations they have for their children and young people.

HSAT's purpose is to strengthen and improve provision across all its academies through sharing and developing expertise at all levels, and achieve excellent outcomes for students. It is outward-thinking – working with a range of others both locally and further afield to enhance school improvement and the overall quality of delivery of services to children and young people with special educational needs. We seek to offer advice and support to other local schools through our staff training programmes and reflective peer partnerships.

The Trust is ambitious '*to do more and to do it better*', building on previous achievement and making use of our strengths.

Our Core Values include:

- considering and valuing individual need – respecting equality and diversity;
- maintaining high expectations and aspirations;
- making best use of technology to improve outcomes;
- committing to overcoming barriers and challenges for our learning communities and the trust;
- being outward thinking in partnership working, and
- being positively responsive to change.

These core values guide us and lead to the identification of our improvement priorities. They are the drivers for the Trust's activities and are described below.

**The Trust values the individual** and strives to maximise the abilities of each child and young person to enhance their future opportunities. The Trust nurtures and develops each child to achieve and attain as best they can, and ensures our young people have sufficient pride in their achievements to become confident individuals. Clubs and out-of-school activities broaden experiences and provide opportunities for the development of talents that may evolve into life-long interests. The Trust values each person equally while supporting the needs of the total learning community.

**The Trust has high expectations** for all and has worked hard to improve the quality of teaching and expertise through extensive and accessible staff training. Staff development has been a priority across the Trust and staff are committed to sharing expertise at all levels between our academies. Professional and effective staff provide learning environments underpinned by sound research and based on best established practice. The Trust encourages the development of high levels of competence and has a particular focus on high quality leadership and management. The collaborative leadership structure across the Trust promotes consistently high standards and maximises staff opportunities to be successful, creative and enthusiastic.

**The Trust invests in the best use of IT** to develop the skills of staff to improve learning for our pupils and students and ensure best outcomes. The appointment of an IT manager has had a positive impact on how the Trust's IT staff use their expertise to ensure the infrastructure is up-to-date and supports effective communication at all levels. The recruitment and deployment of specific specialists in the area of communication has been one means of supporting staff expertise. Staff are supported in the roll-out of new approaches or new equipment. In addition, work undertaken to develop alternative communication systems has ensured all our pupils and students communicate with staff and peers in meaningful and effective ways. The development of a clearly articulated IT strategic plan for the Trust is a key factor in enabling an increase in the number of academies within HSAT.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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The Trust is **outward thinking** in its partnerships, since sharing good practice beyond the Trust academies brings new ideas. The Trust's professional credibility has enabled the Trust to be awarded sponsorship status in November 2015, resulting in plans for a sponsored academy to join the Trust at the beginning of the 2016/17 school session. In addition, the Trust is a valued strategic partner of the Campus Stockton Teaching Alliance. Having reflective peer partners for the chief executive and principals has been both challenging and supportive in validating the Trust's self-evaluation of standards and performance. The executive leadership team and board of trustees have worked to develop a more reflective learning organisation. As a result, values are shared and adopted across the Trust, with committed and engaged staff translating them into practice.

**The Trust is committed to overcoming barriers and challenges** to learning and ensuring fair access to opportunities by providing an appropriate, relevant and challenging curriculum. The Trust continually responds to the changing needs of our pupils, students and their families through identifying a range of options, including personalised vocational opportunities and pathways, for those students whose needs would not be effectively met otherwise. The development of close partnership working with other schools and providers has expanded opportunities for students at all stages. Of particular note is the realising of an opportunity for students from a special school, viz. Abbey Hill Academy, to be co-located with mainstream peers. Plans to establish the Abbey Hill Academy Satellite within a neighbouring mainstream academy were undertaken during the year 2015/16 with the first cohort of students *in situ* from September 2016. Having a special academy co-located with a mainstream academy is a positive response to demands from parents and is evidence of the Trust's commitment to providing infinite opportunities. This increased partnership model is a feature of adhering to good practice detailed in "*Special Educational Needs & Disability Code of Practice: 0 – 25 Years*".

**The Trust is responsive to change** while maintaining high standards. It has invested in the provision of multi-professional services such as educational psychology, occupational therapy and speech and language therapy in order to ensure each pupil and student has support for their individual needs. The Trust is committed to providing what is detailed in individual learning, health and care plans. In addition, our commitment to - and prioritising of - safeguarding is reflected in the work undertaken by a specific, appropriately qualified postholder in this area. The benefits of this appointment to the safeguarding of pupils and students and the exercise of good practice have already been demonstrated. The high quality of the Trust's provisions, along with the positive response to demand for additional places within the Trust's academies has resulted in increased numbers across all academies. Our effective and efficient use of existing funding and our commitment to securing new sources of revenue has enabled us to plan for the much-needed improvement in the physical learning environment in one academy.

**These positive initiatives allow us 'to do more and to do it better'.**

### **Public benefit**

We have referred to the guidance contained in the charity commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.



# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### STRATEGIC REPORT

#### Achievements and performance

The following describes the most recent Ofsted evaluations of each academy:

- Abbey Hill was evaluated by Ofsted in June 2015 as *Good* in all categories. Its Sixth Form was judged as *Outstanding*;
- Green Gates Academy for 40 pupils aged 6-11 years, and Westlands Academy providing for 75 students aged 11- 16 years, established in September 2014, have yet to receive an Ofsted evaluation;
- however the former Westlands Academy, comprising Westlands Secondary (65 students aged 11- 16 years on the Thornaby site) and Westlands Primary (25 pupils age 6-11 at Green Gates site), had an overall judgement in January 2013 of *Requires Improvement* despite evaluations of *Good* for teaching and learning, behaviour and safety and leadership. Since the time of these inspections, extensive and robust self-evaluation has been undertaken in both in order to help them achieve an improved Ofsted rating in their next inspections;
- Westlands Residential Provision was evaluated in January 2015 as *Outstanding* in all aspects.

On-going judgements by the Trust's senior leaders show maintained high quality and in some cases improvement. The broader and more relevant curriculum and positive engagement by students as a result of very good teaching is having impact. The consequence is an upward trend in attainment and achievement across all sites.

The Trust's aim to *provide infinite opportunities* and its vision to *do more and to do it better* is articulated through the websites, and printed media, including the published strategic plan. The trust-wide staffing structure and range of additional support such as finance, human resources, premises and IT ensure the benefits of economy of scale, allow dissemination of good practice across a wide group of staff and optimise best value. Specialised professional input from educational psychology, occupational therapy, speech and language therapy, the parent support adviser, the safeguarding lead and the professional learning and development lead result in better outcomes for pupils, students, staff and our parent/carer community.

The third year of the Trust has allowed these structures to be further consolidated and developed. The training and development programme for staff is recognised as robust, relevant and supportive to other schools. Training is delivered across the Trust and to other institutions. The Trust's expertise, training and development contributed to three members of the Trust's staff being designated as Specialist Leaders of Education (SLEs), and one appointed as an Ofsted Inspector. In addition, the Trust's involvement as a strategic partner within the Campus Stockton Teaching Alliance is highly valued - with other schools having access and benefiting from the quality of professional development which can be, and is, on offer within the Trust's academies.

Management expertise and skills have supported successful capital bids to the Education Funding Agency (EFA) which have resulted in substantial improvements to the classroom provision at Westlands Academy and additional tutorial spaces at Green Gates Academy. Success in a second round of bids has resulted in the award of capital to replace the roof at Green Gates Academy and to improve and extend the dining facilities and accommodation for students at Abbey Hill Academy. Success in a third round of bids resulted in much needed replacement of a boiler at Abbey Hill Academy which will improve overall efficiency. The associated bureaucratic and time-consuming demands on the chief executive and principals have been minimised to ensure they maintain their key focus on learning and teaching.

Horizons' Executive Leadership Team continues to ensure that the self-evaluation of each academy is effectively scrutinised and validated through internal and external processes and independent professional scrutiny. Monitoring of lesson observations, moderation of standards, and scrutiny of achievement and attainment are embedded within the Trust's cycle of quality assurance and associated reporting to trustees. In addition, the support and challenge provided by the external school development partner - who has a recognised outstanding level of expertise in the area of special educational needs and is formally designated as a national leader of education - gives the trustees confidence in the validation of standards within the Trust's academies.

Confirmation of the quality of the Trust's leadership and management and in particular its management of change and development is reflected in two awards gained: the *Investors In People Award* for the Trust and the *Leading Parent Partnership Award* for all three academies. In addition, the Inspection Reports relating to the Ofsted Care Inspection of Westlands' Residential Provision in January 2015 and again in November 2015, and the Ofsted Education Inspection of Abbey Hill Academy and Sixth Form in June 2015 both highlight the strengths in the effectiveness of leadership and management.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Abbey Hill Academy

Abbey Hill Academy converted to become an academy school in August 2013. It was inspected by Ofsted in June 2015 and was graded as 'good' overall.

The academy is part of the Horizons Specialist Academy Trust (HSAT). The academy works in partnership with Westlands Academy and Green Gates Academy and the principals are supported by a chief executive.

All students have a statement of special educational need or educational health care plan. The social and economic backgrounds are varied and range from areas of prosperity to those designated as wards with acute social deprivation. School deprivation indicator for Stockton on Tees is significantly below the average for England as indicated on the Health Profile of 2013.

The number recorded on roll (2015/2016) for Abbey Hill Academy secondary students aged 11-16 was 225. In addition, post 16, sixth form students are based in the Sheraton Building, a separate building with separate principal and team – a separate SEF highlights performance in the sixth form.

44.1% of students are entitled to free school meals and are performing at least as well as their peers.

6.2% of students are Looked after Children and are performing at least as well as their peers.

Most students are of White British heritage. 8.8% of students are from minority ethnic background and eleven have a first language other than English. They are performing in line with their peers.

There are significantly more boys (62%) on roll than girls (38%). Data indicates that boys are performing at the same level as the girls.

Attendance is 91.5%, with 1.5% unauthorised absence. This sits between the national expected average for schools (94%) and the national expected average for special schools (90%). Figures are different in specific year groups and much of this can be tracked to children with life limiting conditions.

6 students had short term exclusions in 2011/2012, 11 in 2012/2013, and 7 in 2013/2014, 9 students in 2014-2015, 3 students in 2015-2016.

Abbey Hill Academy currently has the Investors in People Award, Leading Parent Partnership Award and the Inclusion Quality Mark (Silver level).

The Trust continues to work with the local authority to take account of the 'Special Educational Needs and Disability, Code of Practice: 0-25', and the introduction of Education Health Care Plans (EHCP).

Abbey Hill Academy is also part of The Campus Stockton Teaching Alliance and members of the senior leadership team represent the academy on the following groups: research & development, professional development and leadership & succession planning. The academy's vice principal for achievement & outcomes is also a Specialist Leader in Education (SLE).

In the summer term of 2014, there was a significant change to the senior leadership team at Abbey Hill Academy. The new principal was praised as being "highly enthusiastic and focused" by Ofsted and with the new appointment for the vice principal for achievement & outcomes has ensured that the necessary changes were implemented in order to monitor effectively the quality of teaching, learning and assessment. This information is now used to good effect and there are no marked differences in rates of progress between disadvantaged students and their peers.

As reflected in the Academy's Ofsted report "the ambitious leadership of the chief executive, together with the effective support of the academy's principals, other leaders, and the board of directors, are successfully improving many aspects of the academy's work, including teaching and students' achievements".

In March 2016, 100% of staff said they felt proud to be a member of the academy and they are committed to ensuring that the academy continues on its journey to be outstanding.

98% of parents/carers confirmed that their child enjoys coming to school and that the school understands and responds appropriately to meet the needs of their child.

# **HORIZONS SPECIALIST ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

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The academy is currently a 'good' school that is effective in delivering outcomes that provide well for its students' needs. Students are well prepared for the next stage of their education.

Staff are highly skilled in maintaining a positive atmosphere at all times. This is because they use skilled techniques to ensure students are calm and stress free. Comments from parents, staff and students are positive about the good standard of behaviour they see in the academy. In March 2016, 96% of parents said that there is a good standard of behaviour at the academy.

Lessons were consistently of good quality with a proportion of them being outstanding (46%). Ofsted observed that work seen in students' assessment files demonstrated that the quality of teaching over time has been good, and as a result, students in Key stages 3 and 4 make good progress. 99.3% of students agree that teachers expect them to work hard and do their best.

There are six curriculum models at Abbey Hill Academy to ensure that the diverse needs of learners are met. All models promote the use of creative and enriching opportunities to motivate learners. This contributes to their good spiritual, moral, social and cultural development. Staff at all levels promote tolerance and respect. The PSHE curriculum, tutor sessions and weekly assemblies ensures that there are regular opportunities to develop SMSC & Human Values (British Values). The curriculum's strong focus on developing students' communication skills is ensuring that progress in speaking and listening, reading and writing is at least good.

However, as reflected in the Academy Improvement Plan there continues to be a need to identify opportunities for students to use and apply their numeracy skills across the curriculum.

As a result of their special educational needs and disabilities, all students are working at levels of attainment that are well below national expectations when they join the academy in Year 7. In Key Stages 3 and 4, all groups of students, including the most able, disadvantaged students and the few that speak english as an additional language, achieve well and make good progress, including in english and mathematics, from their starting points.

The behaviour of students is consistently good. For those students who do have difficulties managing their own emotions and behaviour, an individualised programme is offered, which can include access to the academy's Outstanding Nurture Provision (as praised by Ofsted), access to the pastoral team whom deliver a series of therapeutic intervention programmes, and advice from the academy's multi-agency team such as the educational psychologist, speech and language therapist and occupational therapist.

### **Abbey Hill Academy Sixth Form**

The number recorded on roll (2015/2016) for Abbey Hill Academy Sixth Form students aged 16-19 years was 74. Sixth form students are arranged into seven groups according to ability levels.

Each student follows one of four pathway curriculum models to meet their individual needs. These pathway models support students with profound multiple learning difficulties, severe learning difficulties, moderate learning difficulties and autism. The curriculum pathways ensure that all students follow the "Post 16 National Programme Offer" and the principles behind the preparation for adulthood agenda.

Abbey Hill Academy Sixth Form was inspected by Ofsted in June 2015 and was graded as 'outstanding' overall.

Internal observations showed lesson observations as 90% outstanding and 10% as good during 2015-16. Lesson observations by external specialists during the Trust's Validated Self Evaluation (VSE) in November 2014 judged teaching to be outstanding.

"Teaching & learning in the sixth form is outstanding. Relationships between students and staff are outstanding and staff has an excellent understanding of students' individual needs. Teachers are very skilled in adapting their teaching to develop students' understanding and to ensure they produce high-quality work. The quality of marking is consistently good. Students are very clear how to improve their work, including their portfolios for external assessment" (Ofsted June 2015).

As part of our Trust scrutiny procedure the board of trustees set key performance indicators for the different provisions. Our targets for 2015-2016 for each pathway were fully achieved.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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"Students' progress is outstanding. This is seen in their excellent achievement in english and mathematics, where a very strong focus is placed on developing their literacy and numeracy skills. Students, particularly the most able, gain considerable confidence in their abilities to study GCSE courses" (Ofsted June 2015).

40.8% of our students are entitled to free school meals, 7% are looked after young people - and they are all performing in line with their peers. 76% of the cohort are male and are also performing in line with their peers. 3% of students are from ethnic minorities; and 3% have a first language other than english and are performing in line with their peers.

Attendance within Abbey Hill Academy Sixth Form is recorded overall as 89.4% for 2015-16. Six students had short term exclusions in 2015/2016.

"Students' behaviour and attitudes to learning are excellent because they are highly engaged in their activities and very respectful of the teaching staff and other students. They are given encouragement to work independently and can do so extremely successfully" (Ofsted June 2015).

### **Westlands Academy**

The number of students recorded on roll (2015/2016) for Westlands Academy was 74. Overall attendance is below that of special schools nationally but has improved the attendance of 85% of the students from very low pre-admission figures (an average of 68% attendance on admission). The school sets improving targets for attendance, and challenges every absence at meetings with parents, carers, the attendance service and social care.

Outcomes for pupils with pupil premium funding (FSM 72%, 95% through 'Ever 6' measures) are greater than that of other pupils in the academy and surpasses the regional and national outcomes for pupils with SEN (data from DfE Statistical First Release). Students are encouraged to read widely and with confidence and the focus on reading, particularly with less able pupils, results in progress in reading above expectation. Progress in terms of LAC outcomes is at least good and is currently above progress for other students within the academy.

Outcomes for Year 11 have improved year on year. The Participation Adviser Youth Direction, works with relevant school staff for Year 11, colleges and other partners and supports the young people and their parents/carers to agree the best future pathway for each young person. This includes visits to colleges and other training providers. Updates provided for leavers' destinations over the past two years indicate that over 80% of students have entered employment, education or training on transition. Additional support is provided for students who are struggling to engage.

Progress in Key Stage Three is very positive from low starting points (73% of KS3 pupils came to Westlands below the expected standard in english and 70% in maths). From these low starting points 32% of pupils make good progress in english with a further 54% making outstanding progress at KS3. In maths 41% of pupils make good progress with a further 27% making outstanding progress at KS3 from their starting points.

Looked After Children (LAC) in Key Stage Three outperformed their peers. Progress is therefore evaluated as at least good. The academy has introduced a literacy support programme using pupil premium money to target students who are least able in literacy.

Lesson observations are good with many as outstanding. Staff are supported to develop their practice through an extensive academy and Trust focused CPD programme.

Behaviour profiles demonstrate that students make good progress in terms of managing their own behaviour and demonstrate improved attitudes towards learning.

The academy seeks formal feedback from parents and students through questionnaires on how they believe the academy is performing. The results state that students and parents have confidence in the school.

### **Green Gates Academy**

The number of pupils recorded on roll for 2015/16 was 40 (planned places of 40). All pupils have identified social, emotional and mental health difficulties. In addition, 16% of the cohort also has a diagnosis of additional learning or other difficulties. Attendance for the session 2015 - 2016 was 94.4%.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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In order to plan and review pupil progress, four curriculum pathways have been established. Progress and attainment across Key Stage 1 and 2 is good in relation to their starting points, test scores, teacher assessments and national assessments for example the phonics screen check.

During the academic year of 2015-16 outcomes for pupils at the end of Key Stage 1 were good. End of Key Stage 2 teacher assessments showed that 96% met school expected targets. Key Stage 2 results from SATs indicate that Green Gates pupils were above floor targets in english writing and reading.

The year 6 for 2015-16 cohort consisted of 16 pupils. 4 pupils had identified learning difficulties alongside SEMH. 25% of pupils were Looked After; 50% were FSM.

The quality of teaching is consistently good across the academy, with increasing numbers of lessons being rated as outstanding. The academy continues to develop effective methods to teaching and learning through reflective practice. The Introduction of *Forest Schools* is having an impact on writing and motivates children. Teacher evaluations, which include an observation, book scrutiny, environment and pupil discussion for each member of staff has shown 50% 'good' and 50% 'outstanding'. This was confirmed by the Trust-wide evaluation conducted in September 2015.

The behaviour of pupils is good and in many cases outstanding. There were no exclusions during 2015-2016. Boxall profile data demonstrates that almost all pupils have made progress with managing their own emotions and behaviours. The introduction of the Incredible 5point scale is helping pupils to understand and take responsibility for their own actions and we will continue to develop this tool further.

Parents are very positive about the school; the recent survey indicated a 100% satisfaction response to all questions, they felt welcomed into the school (100%) and knew that their child could find help (100%); they were happy with the teaching (100%) and felt that their child was well looked after (100%). Our staff are also very positive about the school with 100% of staff feeling proud of working in this school.

Since becoming a separate school in 2014 Green Gates Academy has been awarded Investors in People and the Leading Parent Partnership Award. During 2016-17 Green Gates will be working towards becoming a Rights Respecting School and renewing the LPPA Award.

### Financial review

Upon joining Horizons Specialist Academy Trust, each academy brought income into the Trust as a result of its school surplus balance when it converted to academy status, in addition to private school funds. This, plus additional income generated during the first three years of operating, is shown as unrestricted funds to the Trust. As such, there are no restrictions on spend other than those as described in the relevant governing documents.

Sheraton Choices Limited was incorporated on 15 October 2013 as a trading subsidiary of the Trust, initially being a DfE requirement post-conversion to allow the continuation of Post-19 education to be delivered via a sub-contract arrangement with a local FE college. Due to legislative issues, the company remained dormant during the first two years and eventually Post-19 ceased at the end of the summer term 2015.

The majority of the Trust's income for the period of account is obtained from either the EFA (Education Funding Agency) or local authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the year and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period 1 September 2015 to 31 August 2016 total expenditure of £8,340,779 excluding depreciation was more than covered by grant funding from the EFA and commissioned place income from local authorities together with other incoming resources. The excess of expenditure over income for the year (excluding inherited assets and liabilities and before pension transfer) was £186,713 and taking into account depreciation the Trust realised a surplus of £70,047.

At 31 August 2016 the net book value of fixed assets was £8,320,038. The assets were used exclusively for providing education and associated support to the pupils in the academies within the Trust.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted Fund. This resulted in the pension fund showing a deficit of £6,775,000 which has been carried forward to 2016-2017. It should be noted that this does not present a liquidity problem for the Trust and that we are reviewing contributions to the pension scheme given the pension deficit.

### Financial and Risk Management Objectives and Policies

The Trust has developed a risk management strategy and has a risk register which includes the potential financial risks. As part of developing the register, key risks to which the Trust may be exposed were identified and reviewed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

Key financial policies have been adopted and reviewed throughout the year. These detail the framework for financial management, including financial responsibilities of the board, chief executive and budget holders, as well as outlining the authority for spending. Finances are reviewed each term by the finance and general purposes committee, evaluating performance against budgets and overall expenditure.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Trust recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 24 to the financial statements, represents a significant potential liability. However the Trust consider that, as each individual academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised. Also, 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.

### **Reserves Policy**

One of the main financial risks to the Trust is that of managing its short-term cash flow effectively. To mitigate this risk the board agreed that an appropriate minimum reserves balance would equate to 4 weeks worth of expenditure, both in terms of salaries and invoices. This has been regularly reviewed and as a consequence, was increased to £650,000 in October 2015 in line with additional pupil places and funding. In addition to the reserves for potential short-term cash flow issues, the Trust has agreed to keep an additional £650,000 for operations making the total reserves balance £1,300,000. The additional funds represent an acceptable working balance to meet unexpected significant cost pressures. The level of reserves will be reviewed during the autumn term 2016 in light of an additional academy joining the Trust.

The finance and general purposes committee review reserve levels on a termly basis in line with the budget monitoring information and forecasts presented to trustees. At 31 August 2016 the value of reserves that were freely available to the Trust was £893,276. Restricted general funds as at 31 August 2016 was £1,257,027 bringing the total reserves available to the Trust to £2,150,303.

### Investment policy

The Trust operates an interest bearing current account with Lloyds bank as approved by the board of trustees. Sufficient balances are maintained to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including sufficient contingency for unexpected payments. The Trust will not take out any long term investments exceeding six months however, funds have been placed in multiple staggered six month deposit accounts to maximise interest generation during the year. This is evident in the increased interest gained during the year in a time of reducing interest rates.

### Key performance indicators

The key financial performance indicators of the Trust relate to the effectiveness of the use of funds for the benefit of the education of children. The key non-financial performance indicators of the Trust relate to the achievements and performance of its students. Please see the achievements and performance section for further details.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Plans for future periods**

HSAT has a three-year strategic plan covering 2014-2017 with specific aims and objectives for the session 2015-2016 and anticipated aims and objectives for 2016-2017. The Trust aims to improve standards in all four academies to ensure there is evidence of, as a minimum, good teaching and that the majority of teaching from experienced teachers is outstanding. The Trust aims to improve pupil attendance in each academy in line with national levels. The addition of a fourth academy into the Trust as of 1st October 2016 - Hollis Academy, in Middlesbrough - which is a sponsored academy, has provided the Trust with the challenge of taking it out of 'special measures' and on a positive journey towards being a 'Good School' by the end of the 2016/17 school year.

The Trust will continue to develop robust approaches to self-evaluation, specifically embedding validated self evaluation using peer principal reflective partners from a wide range of high achieving specialist schools and provisions. In addition, the engagement of a highly qualified outstanding practitioner in the role of school development partner - formally reporting on quality of outcomes reported to the trustees - will further enhance confidence in quality assurance practices. The input from the Trust's vice principal who is an Ofsted Inspector will further enhance the validity of our own self evaluation.

The appointed range of professionals within the Trust will ensure the continuation of an effective and efficient safeguarding board. Informative approaches to address the diagnostic overlay between safeguarding and special educational needs (SEN) have been developed through the input from the Trust's educational psychologist and the appropriately qualified safeguarding lead. The Toolkit developed to ensure the views of children and young people with special educational needs are accurately reflected in relevant documentation and communicated effectively in key meetings, is now being utilised by key staff. There are plans to have this effectively used by all Trust staff and, in addition, other partner agencies have highlighted the Toolkit as an example of good practice and are interested in utilising it. The programme of training and development for Trustees is continually evaluated and updated to ensure that they have the skills to meet the requirements of the role of trustee and monitor the identification and implementation of the 'Early Intervention Support Offer' within the Trust academies.

The strategic plan has been disseminated more widely to reflect the wide range of services associated with our academies. Our expansion from three academies to four has resulted in updated websites and other forms of communication, including marketing materials, to ensure that each academy's SEN report is up to date and that the Trust's 'local offer' is clearly and appropriately articulated for all stakeholders.

There is no doubt that major developments at Westlands have significantly improved the learning environment and Green Gates has benefitted from the additional tutorial space and the improvements in roofing areas. Increased numbers of pupils and students add further pressures of improving, updating and expansion. Westlands in particular would benefit from additional improved facilities for physical education and sports. Trustees will set out a plan to realise the provision of appropriate facilities at Westlands prior to the development of the next strategic plan. Abbey Hill Academy's expansion of numbers at the secondary stage from 215 to 225 students - with projected numbers for 2016-2017 to remain the same - means that the development of a separate dining area and bistro facility using funding received from a successful bid to the EFA capital improvement fund (CIF) is both very welcome and well-used. In addition the Trust has been working with local authorities across the Tees Valley to explore the opportunity of applying to the DfE for permission to set up a 'free school' to accommodate the needs of students with autism spectrum conditions who require optimal space and options for quiet learning areas. The Trust aims to continue to improve the physical condition of each academy through funding from the EFA capital improvement fund (CIF) and other funding sources available.

# HORIZONS SPECIALIST ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

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The Trust will seek to secure additional funding and also commit existing funds for specific vocational developments and the provision of Sports facilities for students at Westlands Academy as these do not meet the current criteria set out in the CIF application.

The Trust aims for parental questionnaires to demonstrate that at least 90% of parents are completely satisfied and agree that the standard of service provided for their children and young people is of a high quality. The Trust will continue to work with parents to ensure our support for parents and carers, and our quality of partnership working merit the standards associated with the *Leading Parent Partnership Award*.

The Trust intends to extend opportunities to our pupils during holiday periods by utilising funding from the successful bid to *Children in Need* to provide holiday sports clubs. Developing flexible staff working patterns will ensure that there is a reduction in the length of holiday breaks for our most vulnerable pupils. In the session 2015/16 more than a third of students at Abbey Hill academy had access to one or two weeks additional support via a holiday club run by the Trust staff. The plan is to explore options for students at Westlands Academy and Green Gates Academy to have access to at least 5 days of activities during the summer holiday period in 2017. The Trust aims to have returned student questionnaires which demonstrate that at least 93% of our pupils and students are satisfied with the level of support they receive from the Trust.

The Trust intends to continue to make full use of academy freedoms to deliver a flexible, creative curriculum which develops vocational pathways, embeds our forest school initiative, and realises good outcomes for students. The key objective for the Trust is to ensure at least good evaluations for all four academies and the sixth form prior to expanding the size of the Trust. Past experience has demonstrated that external confidence in the Trust's ability 'to do more and to do it better, arises when there is firm evidence of success and high standards of performance within the Trust.

In undertaking this significant programme of improvement, the Trust will prudently invest its finances and work to achieve the best return for future developments.

### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held as custodian trustee on behalf of others.

### AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

### Statement as to disclosure of information to 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.

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 3-12-16 and signed on its behalf by:



C Whittaker

Chair



# HORIZONS SPECIALIST ACADEMY TRUST

## GOVERNANCE STATEMENT

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Trust's chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the 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 6 times during the year and attendance was as follows:

Trustees	Meetings attended	Out of possible
E Horne CBE (Chief Executive)	6	6
S Davison	4	6
C Whittaker (Chair)	6	6
L Laidler	4	6
A Chapman (Resigned 17 December 2015)	0	2
G Barker (Resigned 3 August 2016)	5	6
Dr B Sinha	2	6
J Bromiley	4	6
H Dyson	6	6
M Jones (Vice chair)	6	6
S Richardson (Appointed 18 July 2016)	0	0

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Trust by enabling more detailed consideration to be given, to ensure the sound management of the Trust's finances, staffing and resources, including proper planning, monitoring and probity. Attendance during the year at meetings of the finance and general purposes committee was as follows:

Trustees	Meetings attended	Out of possible
E Horne CBE (Chief Executive)	5	5
C Whittaker	4	5
L Laidler	4	5
G Barker (Resigned 3 August 2016)	2	5
M Jones	4	5

# HORIZONS SPECIALIST ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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The audit committee is also a sub-committee of the main board of trustees. Its purpose is to advise the Trust on the adequacy and effectiveness of the systems of internal control and the arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money) and that the systems are rigorous and constantly reviewed. Attendance during the year at meetings of the audit committee was as follows:

Trustees	Meetings attended	Out of possible
S Davison	3	3
L Laidler	3	3
Dr B Sinha	2	3

### Review of value for money

I accept that as accounting officer of Horizons Specialist Academy Trust, I am responsible and accountable for ensuring that the Trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the Trust's use of its resources has provided good value for money during the academic year.

### Improving Educational Outcomes

The Trust has offered a diverse curriculum to ensure all students have had the opportunity to raise their individual levels of attainment. This included accessing specialist equipment, provision of vocational opportunities and work experience, and where appropriate, procuring off-site provision. Saturday clubs have continued to run throughout the year providing students with further opportunities to develop and learn. Careful deployment and flexibility with Support Staff during the year has resulted in providing a summer school for students at a reduced cost to the Trust.

As a result of a staffing structure review and the demands faced by the Trust, additional specialist staff were employed in key areas ensuring qualified, enthusiastic professionals were in place to meet the needs of their students. Regular and robust training and development underpins the appraisal process and staff continued to be encouraged and supported in their personal professional development. The Professional Learning Lead for the Trust plans programmes across all academies ensuring best value in relation to the cost of professional development opportunities. The appointment of Specialist Leaders in Education is further supporting the implementation of effective approaches which ensure high quality teaching, learning and assessment.

Robust systems of tracking and recording student progress ensure timely interventions and support are targeted to student learning when it is needed. The analysis of data records indicates that students across all provisions make good or outstanding progress towards targets at the end of each key stage. In addition, in 2015/16, 100% of the Y11 cohort in Abbey Hill achieved accreditation in both English and Maths.

The Trust tracks attendance and behaviour of all students and works hard to identify strategies and interventions where concerns are apparent. This can be demonstrated in the attendance figures.

# HORIZONS SPECIALIST ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### **Financial Governance and Oversight**

The Board of Trustees scheme of delegation was reviewed and provides clear remits and accountability at all levels across the Trust. Governance was robust throughout the year and appropriate challenge was provided by the range of professionals ensuring compliance with the provisions of the funding agreement.

The finance and general purposes committee assisted the decision making of the Trust Board, enabling more detailed consideration to be given to the best means of fulfilling the board's responsibility to ensure sound management of the Trust's finances and resources. Cost savings continue to be achieved by negotiating rates for awarding contracts at more than one academy. Capital contracts are well managed with strong financial oversight and challenge by directors.

The Trust received support during the year from its external partners and external auditors on accounting practice and compliance. The audit committee received a further two very positive internal assurance reports focussing on cash and banking and financial planning resulting in few areas of recommendations. This concludes a planned and comprehensive three-year cycle of internal assurance visits reviewing all areas of risk in detail. Additional activities as deemed necessary were taken to provide assurance to the Trust on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes.

### **Financial Performance**

With increasing budget pressures, the Trust strives to focus on value for money appreciating the value of assets and how they can increase our students' rate of progress. Staffing costs are reviewed regularly and careful consideration given to utilising additional one-off funding such as the capacity grant as an identified sponsor of other academies to make best use of available resources. Whilst the accounts function continues to operate effectively on one site, consideration has been given to how an expanding Trust can continue to operate efficiently, meeting the needs of all and potentially achieving greater economies of scale across the Trust.

Following a number of successful bids over the previous two years, four further submissions to the condition improvement fund (CIF) were made during the year, one of which was successful resulting in £99,042 funding to replace four boilers at Abbey Hill Academy. Work is well underway to submit new bids to further enhance the learning environment for our students.

The Trust continues to explore opportunities to review current arrangements and make changes where evidence suggests there are strong economic advantages in doing so without compromising on quality. An example of this is the decision taken by directors to join the risk protection arrangement (RPA) offered by the DfE for the majority of academy insurances. Fair competition and through quotations and tenders (where necessary) in accordance with financial regulations ensures goods and services are procured in the most economic, efficient and effective way. A priority for 2016/17 is ensuring that new staff are suitably trained and supported in all aspects of undertaking procurement exercises in line with best practice.

All staff with budget responsibility, regardless of the amounts involved, were supported and encouraged to achieve value for money from the finance team. The finance policy continues to be regularly reviewed and clearly outlines ways to ensure the integrity of public funds and how they can be maintained by following the principles of probity, accountability and fairness. The Trust continues to benchmark its costs against similar organisations to identify potential areas for savings. High level information from published annual accounts for other Trusts have been reviewed and compared with our data, along with benchmarking reports provided by our external partners to aid us in this process.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 the Trust for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

# HORIZONS SPECIALIST ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### Capacity to handle risk

The board of trustees has reviewed the key risks to which the Trust is exposed to, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period commencing with trading on 1 September 2015 ending 31 August 2016 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 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 general purposes 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.

### Review of effectiveness

As accounting officer, the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 8-12-16 and signed on its behalf by:



C Whittaker  
Chair



E Horne CBE  
Accounting Officer

# HORIZONS SPECIALIST ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Horizons Specialist Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's 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 2015.

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 EFA.



E Horne CBE  
**Accounting Officer**

8 December 2016

# HORIZONS SPECIALIST ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who are also the directors of Horizons Specialist Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 Horizons Specialist Academy Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that grants received from the DfE/EFA have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 8-12-16 and signed on its behalf by:



C Whittaker  
Chair

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZONS SPECIALIST ACADEMY TRUST**

**YEAR ENDED 31 AUGUST 2016**

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We have audited the financial statements of Horizons Specialist Academy Trust for the year ended 31 August 2016 set out on pages 24 to 45. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees' responsibilities set out on page 21, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

## **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the trustees' report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZONS SPECIALIST  
ACADEMY TRUST (CONTINUED)**

**YEAR ENDED 31 AUGUST 2016**

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**Matters on which we are required to report by exception**

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

- the charity has not kept adequate accounting records, 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.

*RSM UK Audit LLP*

Lucy Robson (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

Dated: 12/12/16



# HORIZONS SPECIALIST ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2016	Total 2015
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	12,951	5,152	50,052	68,155	448,742
Charitable activities:						
- Funding for educational operations	4	-	8,242,384	-	8,242,384	8,346,528
Other trading activities	5	64,718	20,522	-	85,240	110,075
Investments	6	15,047	-	-	15,047	7,530
<b>Total income and endowments</b>		<u>92,716</u>	<u>8,268,058</u>	<u>50,052</u>	<u>8,410,826</u>	<u>8,912,875</u>
<b>Expenditure on:</b>						
Raising funds	7	40,512	62,532	-	103,044	52,598
Charitable activities:						
- Educational operations	8	11,030	8,226,705	256,760	8,494,495	8,271,481
<b>Total expenditure</b>	7	<u>51,542</u>	<u>8,289,237</u>	<u>256,760</u>	<u>8,597,539</u>	<u>8,324,079</u>
<b>Net income/(expenditure)</b>		41,174	(21,179)	(206,708)	(186,713)	588,796
Transfers between funds	18	-	(336,641)	336,641	-	-
<b>Other recognised gains and losses</b>						
Remeasurement of net defined benefit obligations	24	-	(3,945,000)	-	(3,945,000)	133,000
<b>Net movement in funds</b>		<u>41,174</u>	<u>(4,302,820)</u>	<u>129,933</u>	<u>(4,131,713)</u>	<u>721,796</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		852,102	(1,215,153)	8,221,135	7,858,084	7,136,288
Total funds carried forward		<u>893,276</u>	<u>(5,517,973)</u>	<u>8,351,068</u>	<u>3,726,371</u>	<u>7,858,084</u>

**HORIZONS SPECIALIST ACADEMY TRUST****BALANCE SHEET****AS AT 31 AUGUST 2016**

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	12	8,320,038	8,167,472
<b>Current assets</b>			
Stocks	13	5,000	5,000
Debtors	14	185,269	193,659
Cash at bank and in hand		2,587,869	2,798,193
		<u>2,778,138</u>	<u>2,996,852</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(596,805)	(739,240)
<b>Net current assets</b>		<u>2,181,333</u>	<u>2,257,612</u>
<b>Net assets excluding pension liability</b>		10,501,371	10,425,084
Defined benefit pension liability	24	(6,775,000)	(2,567,000)
<b>Net assets</b>		<u>3,726,371</u>	<u>7,858,084</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	18		
- Restricted fixed asset funds		8,351,068	8,221,135
- Restricted general funds		1,257,027	1,351,847
- Pension reserve		(6,775,000)	(2,567,000)
<b>Total restricted funds</b>		<u>2,833,095</u>	<u>7,005,982</u>
<b>Unrestricted income funds</b>	18	893,276	852,102
<b>Total funds</b>		<u>3,726,371</u>	<u>7,858,084</u>

The financial statements set out on pages 24 to 45 were approved by the board of trustees and authorised for issue on 8-12-16 and are signed on its behalf by:



E Horne

Accounting Officer

# HORIZONS SPECIALIST ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	22		69,550		1,924,605
<b>Cash flows from investing activities</b>					
Interest received		15,047		7,530	
Capital grants from DfE and EFA		124,677		391,560	
Payments to acquire tangible fixed assets		(419,598)		(1,500,508)	
			(279,874)		(1,101,418)
<b>Change in cash and cash equivalents in the reporting period</b>			(210,324)		823,187
Cash and cash equivalents at beginning of the year			2,798,193		1,975,006
<b>Cash and cash equivalents at end of the year</b>			2,587,869		2,798,193

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

Horizons Specialist Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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 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 financial statements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Horizons Specialist Academy Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements are the first financial statements of Horizons Specialist Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Horizons Specialist Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

The financial statements are presented in sterling which is also the financial currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest £, except where otherwise indicated.

##### **Going concern**

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

##### 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.

##### Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

##### 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.

##### **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 are 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.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### 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 and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Long leasehold buildings	Straightline over 50 years
Plant and machinery	Straightline over 5 years
Computer equipment	Straightline over 3 years
Furniture and equipment	Straightline over 7 years
Motor vehicles	Straightline over 7 years

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

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

##### **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.

##### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### **Stock**

Stationery stock is valued at the lower of cost and net realisable value.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **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.

##### **Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income 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 Education Funding Agency and the Department for Education.

##### **Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 1 Accounting policies (Continued)

##### Financial instruments

The academy trust has chosen to adopt section 11 of FRS 102 in full in respect of financial instruments.

##### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### 2 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

#### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	50,052	50,052	391,560
Other donations	12,951	5,152	18,103	57,182
	<u>12,951</u>	<u>55,204</u>	<u>68,155</u>	<u>448,742</u>

The income from donations and capital grants was £68,155 (2015: £448,742) of which £12,951 was unrestricted (2015: £4,145), £5,152 was restricted (2015: £53,037) and £50,052 was restricted fixed assets (2015: £391,560).



# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	4,544,301	4,544,301	4,615,840
Other DfE / EFA grants	-	428,294	428,294	251,725
	-	4,972,595	4,972,595	4,867,565
<b>Other government grants</b>				
Local authority grants	-	3,269,789	3,269,789	3,478,963
<b>Total funding</b>	-	8,242,384	8,242,384	8,346,528

The income from funding for educational operations was £8,242,384 (2015: £8,346,528) of which £8,242,384 was restricted (2015: £8,346,528).

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	8,198	-	8,198	13,812
Catering income	40,512	-	40,512	38,726
School fund income	5,081	-	5,081	3,316
Other income	10,927	20,522	31,449	54,221
	64,718	20,522	85,240	110,075

The income from other trading activities was £85,240 (2015: £110,075) of which £64,718 was unrestricted (2015: £72,724) and £20,522 was restricted (2015: £37,351).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	15,047	-	15,047	7,530

The income from funding for investment income was £15,047 (2015: £7,530) of which £15,047 was unrestricted (2015: £7,530).

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	103,044	103,044	52,598
Academy's educational operations					
- Direct costs	5,412,079	256,760	332,258	6,001,097	5,800,066
- Allocated support costs	1,529,131	375,386	588,881	2,493,398	2,471,415
<b>Total expenditure</b>	<b>6,941,210</b>	<b>632,146</b>	<b>1,024,183</b>	<b>8,597,539</b>	<b>8,324,079</b>

The expenditure on raising funds was £103,044 (2015: £52,598) of which £40,512 was unrestricted (2015: £-) and £62,532 was restricted (2015: £52,598).

Net income/(expenditure) for the year includes:	2016 £	2015 £
Fees payable to auditor		
- Audit	6,785	18,300
- Other services	4,245	2,700
Operating lease rentals	16,213	16,503
Net interest on defined benefit pension liability	91,000	83,000
Depreciation of tangible fixed assets	256,760	227,754

#### Central services

The academy trust provides support in relation to a range of activities including Finance, HR, ICT, Health & Safety and Safeguarding. Each academy also receives support from the Chief Executive, Head of Strategy & SEN, Head of Finance & Operations, Head of Human Resources and the Premises & Facilities Manager.

The costs are recharged to each academy based upon the individual needs and size of academy. The amounts charged between 1 September 2015 to 31 August 2016 were as follows:

The amounts charged during the year were as follows:	Total £
Abbey Hill Academy	334,493
Westlands Academy	147,654
Green Gates Academy	8,054
	<b>490,201</b>

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	-	6,001,097	6,001,097	5,800,066
Support costs - educational operations	11,030	2,482,368	2,493,398	2,471,415
	<u>11,030</u>	<u>8,483,465</u>	<u>8,494,495</u>	<u>8,271,481</u>

The expenditure on educational operations was £8,494,495 (2015: £8,271,481) of which £11,030 was unrestricted (2015: £28,957), £8,226,705 was restricted (2015: £8,014,770) and £256,760 was restricted fixed assets (2015: £227,754).

	2016 £	2015 £
<b>Analysis of support costs</b>		
Support staff costs	1,529,131	1,497,668
Premises costs	246,072	242,069
Other support costs	661,197	698,201
Governance costs	56,998	33,477
	<u>2,493,398</u>	<u>2,471,415</u>

### 9 Staff costs

	2016 £	2015 £
Wages and salaries	5,265,334	5,094,018
Social security costs	421,360	360,697
Other pension costs	925,385	879,893
	<u>6,612,079</u>	<u>6,334,608</u>
Total staff costs	6,612,079	6,334,608
Supply staff costs	262,606	265,950
Staff restructuring costs	14,214	11,725
Staff development and other staff costs	52,311	48,914
	<u>6,941,210</u>	<u>6,661,197</u>

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 9 Staff costs (Continued)

##### Staff numbers

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

	2016 Number	2015 Number
Teachers and teaching assistants	129	133
Administration and support	103	96
Management	7	7
	<u>239</u>	<u>236</u>

##### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	3	2
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>5</u>	<u>4</u>

##### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1 and the Executive Leadership team as detailed on page 5. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £648,234 (2015: £610,444).

#### 10 Trustees' remuneration and expenses

One Trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principal only receives remuneration in respect of services they provide undertaking the role of principal under their contract of employment, and not in respect of their services as Trustee.

The value of trustees' remuneration and other benefits was as follows:

E Horne, the Chief Executive, received remuneration of £110,989 (2015: £107,210) and is accruing retirement benefits under the Teachers' Pension Scheme. Contributions paid in the year amounted to £18,291 (2015: £15,117).

During the year ended 31 August 2016, expenses totalling £363 were reimbursed to 1 trustee (2015: £292).

Related party transactions involving the Trustees are set out in note 25.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,137 (2015: £1,137). The cost of this insurance is included in the total insurance cost.

#### 12 Tangible fixed assets

	Long leasehold buildings	Computer equipment	Furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2015	8,189,620	193,703	115,909	93,990	8,593,222
Additions	307,237	95,467	6,622	-	409,326
Disposals	-	(17,925)	-	-	(17,925)
At 31 August 2016	8,496,857	271,245	122,531	93,990	8,984,623
<b>Depreciation</b>					
At 1 September 2015	294,784	83,700	23,374	23,892	425,750
On disposals	-	(17,925)	-	-	(17,925)
Charge for the year	165,799	57,998	16,762	16,201	256,760
At 31 August 2016	460,583	123,773	40,136	40,093	664,585
<b>Net book value</b>					
At 31 August 2016	8,036,274	147,472	82,395	53,897	8,320,038
At 31 August 2015	7,894,836	110,003	92,535	70,098	8,167,472

13	Stocks	2016 £	2015 £
	Stationery stocks	5,000	5,000
14	Debtors	2016 £	2015 £
	Trade debtors	617	13,108
	Other debtors	45,969	32,406
	Prepayments and accrued income	138,683	148,145
		185,269	193,659

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

<b>15 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	53,182	39,479
Other taxation and social security	126,416	111,429
EFA creditors	74,625	-
Other creditors	99,630	87,605
Accruals and deferred income	242,952	500,727
	<u>596,805</u>	<u>739,240</u>
<b>16 Deferred income</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	2,412	271,222
	<u>2,412</u>	<u>271,222</u>
Deferred income at 1 September 2015	271,222	228,329
Released from previous years	(271,222)	(228,329)
Amounts deferred in the year	2,412	271,222
	<u>2,412</u>	<u>271,222</u>
<b>Deferred income at 31 August 2016</b>	<b>2,412</b>	<b>271,222</b>
	<u>2,412</u>	<u>271,222</u>
At the balance sheet date the academy trust was holding funds received in advance in relation to free school meals (2015: SEN income).		
<b>17 Financial instruments</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Financial assets measured at amortised cost	2,642,419	2,872,502
	<u>2,642,419</u>	<u>2,872,502</u>
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost	(467,977)	(356,589)
	<u>(467,977)</u>	<u>(356,589)</u>

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Funds

	Balance at 1 September 2015	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	1,351,847	4,544,301	(4,419,980)	(336,641)	1,139,527
Sponsor grants	-	162,500	(45,000)	-	117,500
Other DfE / EFA grants	-	265,794	(265,794)	-	-
Other government grants	-	3,269,789	(3,269,789)	-	-
Other restricted funds	-	25,674	(25,674)	-	-
	<u>1,351,847</u>	<u>8,268,058</u>	<u>(8,026,237)</u>	<u>(336,641)</u>	<u>1,257,027</u>
Funds excluding pensions	1,351,847	8,268,058	(8,026,237)	(336,641)	1,257,027
Pension reserve	(2,567,000)	-	(263,000)	(3,945,000)	(6,775,000)
	<u>(1,215,153)</u>	<u>8,268,058</u>	<u>(8,289,237)</u>	<u>(4,281,641)</u>	<u>(5,517,973)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	1,763,002	50,052	(55,062)	-	1,757,992
Assets transferred from Local Authority	6,458,133	-	(201,698)	-	6,256,435
Capital expenditure from GAG	-	-	-	336,641	336,641
	<u>8,221,135</u>	<u>50,052</u>	<u>(256,760)</u>	<u>336,641</u>	<u>8,351,068</u>
<b>Total restricted funds</b>	<u>7,005,982</u>	<u>8,318,110</u>	<u>(8,545,997)</u>	<u>(3,945,000)</u>	<u>2,833,095</u>
<b>Unrestricted funds</b>					
General funds	852,102	92,716	(51,542)	-	893,276
<b>Total funds</b>	<u>7,858,084</u>	<u>8,410,826</u>	<u>(8,597,539)</u>	<u>(3,945,000)</u>	<u>3,726,371</u>

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 18 Funds (Continued)

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

General Annual Grant - General Annual Grant must be used for the normal running costs of the Academy. The funding agreement does not include a limit on the GAG available to carry forward

Amounts carried forward in relation to sponsor grants received from the DfE/EFA will be utilised during 2016/17.

Other DfE/EFA grants, other government grants and other restricted funds include Pupil Premium, sickness insurance income, 16 - 18 Bursary funding and PE teachers grant.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

The restricted general funds are in deficit as a result of the deficit on the LGPS pension scheme alone.

Assets transferred from the Local Authority reflects the fixed assets acquired on conversion.

Unrestricted funds can be used for any purpose at the discretion of the Academy.

DfE/EFA capital grants - The income relates to capital funding which has been received from the DfE/EFA for utilisation on building improvements and refurbishments.

Transfers between funds represents fixed assets purchased out of GAG.

#### Total funds analysis by academy

	<b>Total £</b>
Fund balances at 31 August 2016 were allocated as follows:	
Abbey Hill Academy	1,589,477
Westlands Academy	414,959
Green Gates Academy	28,367
Central services	117,500
	<hr/>
Total before fixed assets fund and pension reserve	2,150,303
	<hr/>
Restricted fixed asset fund	8,351,068
Pension reserve	(6,775,000)
	<hr/>
Total funds	3,726,371
	<hr/> <hr/>



# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 18 Funds (Continued)

##### Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Abbey Hill Academy	3,875,805	844,592	188,868	651,323	5,560,588
Westlands Academy	974,804	322,154	115,734	202,965	1,615,657
Green Gates Academy	575,684	176,171	27,656	122,023	901,534
	<u>5,426,293</u>	<u>1,342,917</u>	<u>332,258</u>	<u>976,311</u>	<u>8,077,779</u>

#### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	8,320,038	8,320,038
Current assets	893,276	1,853,832	31,030	2,778,138
Creditors falling due within one year	-	(596,805)	-	(596,805)
Defined benefit pension liability	-	(6,775,000)	-	(6,775,000)
	<u>893,276</u>	<u>(5,517,973)</u>	<u>8,351,068</u>	<u>3,726,371</u>

#### 20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Amounts due within one year	16,213	16,213
Amounts due between one and five years	14,839	31,052
	<u>31,052</u>	<u>47,265</u>

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 21 Capital commitments

	2016 £	2015 £
Expenditure contracted for but not provided in the financial statements	16,945	31,675

### 22 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period	(186,713)	588,796
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(124,677)	(391,560)
Interest receivable	(15,047)	(7,530)
Defined benefit pension scheme cost less contributions payable	172,000	210,000
Defined benefit pension scheme finance cost/(income)	91,000	83,000
Depreciation of tangible fixed assets	256,760	227,754
(Increase)/decrease in debtors	8,390	1,122,658
Increase/(decrease) in creditors	(132,163)	91,487
<b>Net cash provided by operating activities</b>	<b>69,550</b>	<b>1,924,605</b>

### 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### 24 Pensions and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £99,628 (2015: £87,605) were payable to the schemes at 31 August 2016 and are included within other 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.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 24 Pensions and similar obligations (Continued)

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.

##### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS. 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 (currently 14.1%)
- 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%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 the TPS in the period amounted to £422,385 (2015: £323,831).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution to the fund for future years are £342,000.

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.

Total contributions made	2016 £	2015 £
Employer's contributions	331,000	340,000
Employees' contributions	136,000	139,000
Total contributions	467,000	479,000

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 24 Pensions and similar obligations (Continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.4	3.5
Rate of increase for pensions in payment	1.9	2
Discount rate	2	3.8

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

	2016 Years	2015 Years
Retiring today		
- Males	23.1	23
- Females	25.6	25.5
Retiring in 20 years		
- Males	25.3	25.2
- Females	28.0	27.8

#### The academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	5,839,638	4,593,986
Government bonds	54,768	94,894
Corporate bonds	54,768	89,312
Cash	397,068	357,248
Property	499,758	346,084
Other assets	-	100,476
Total fair value of assets	6,846,000	5,582,000
Actual return on scheme assets - gain/(loss)	926,000	(64,000)

#### Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost	172,000	210,000
Net interest cost	91,000	83,000

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 24 Pensions and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2016 £
Obligations at 1 September 2015	8,149,000
Current service cost	503,000
Interest cost	310,000
Employee contributions	136,000
Actuarial loss	4,652,000
Benefits paid	(129,000)
At 31 August 2016	13,621,000

Changes in the fair value of the academy trust's share of scheme assets	2016 £
Assets at 1 September 2015	5,582,000
Interest income	219,000
Return on plan assets (excluding net interest on the net defined pension liability)	707,000
Employer contributions	331,000
Employee contributions	136,000
Benefits paid	(129,000)
At 31 August 2016	6,846,000

#### 25 Related party transactions

Owing to the nature of the Academy Trusts' operations and the composition of the board of Trustees being drawn from the local public and private sector organisations, it is inevitable that transactions will take place with the organisation in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the year.

#### 26 Post balance sheet events

On 1 October 2016, Prince Bishop School (now known as Hollis Academy) converted to academy trust status and joined Horizons Specialist Academy Trust.

#### 27 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16 - 19 Bursary Funds, on behalf of the EFA. In the year it received £23,499 and disbursed £23,499.

# HORIZONS SPECIALIST ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 28 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

#### Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	7,136,288	7,858,084
	=====	=====

#### Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income as reported under previous UK GAAP		765,796
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS	(A)	(177,000)
Net income reported under FRS 102		588,796
		=====

#### Notes to reconciliations on adoption of FRS 102

##### (A) Change in recognition of LGPS

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £177,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.