

**HORIZONS SPECIALIST ACADEMY TRUST
(A Company Limited by Guarantee)**
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

Registered Number 08608287 (England and Wales)



HORIZONS SPECIALIST ACADEMY TRUST

FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2014

CONTENTS	PAGES
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	13
Statement of Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the financial statements	18
Statement of Financial Activities (incorporating Income & Expenditure Account)	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Financial Statements incorporating	
- Statement of Accounting Policies	23
- Other Notes to the Financial Statements	27

HORIZONS SPECIALIST ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
PERIOD ENDED 31 AUGUST 2014

Members

Directors (Trustees)

Elizabeth Horne (Executive Head Teacher)
Sharon Davison
Barbara Yates
Colin Whittaker (Chair)
Maurice Jones (Vice Chair)
Linda Laidler
Margaret Arrowsmith
Graham Barker
Alan Chapman

Company Secretary

Alison Dobson

Senior Management Team

Executive Head Teacher
Head of Provision
Head of Provision
Head of Provision

Elizabeth Horne
Peter Ewart
Rebecca Whelan
Anita Amos

Principal and Registered Office

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

Company Registration Number

08608287 (England and Wales)

Independent Auditor

Baker Tilly UK Audit LLP
Chartered Accountant
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

Bankers

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

Solicitors

Bond Dickinson LLP
One Trinity
Newcastle Upon Tyne
NE1 2HF

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

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period commencing 1st August 2013 and ending on 31 August 2014. The annual report serves the purpose of both a trustees' report and 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 Academy 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 period were:

- Abbey Hill School & Technology College – Ketton Road, Stockton on Tees, TS19 8BU
- Westlands School – operating over two sites: Westlands secondary provision, Eltham Crescent, Thornaby, Stockton on Tees, TS17 9RA and Green Gates primary provision, Melton Road, Stockton on Tees, TS19 0JD.

Both schools converted to Academy status on 1 August 2013.

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, Governors 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.

Principal Activities

The principal object and activity of the Charitable Company is the operation of Horizons Specialist Academy Trust, which during the period consists of Abbey Hill School & Technology College and Westlands School. From 1 September 2014, the Trust consists of Abbey Hill Academy, Westlands Academy and Green Gates Academy, following the redesignation of Westlands School into primary and secondary academies.

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

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

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 Executive Headteacher, Members' 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 Executive Headteacher 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 has been appointed With effect from 8 October 2014.

The Secretary of State may appoint additional Trustees as he thinks fit if he 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.

As set out in the articles and funding agreement – The Trust has the following Directors:

Elizabeth Horne (appointed 12 July 2013)
Sharon Davison (appointed 12 July 2013)
Barbara Yates (appointed 31 January 2014)
Colin Whittaker (appointed 12 July 2013)
Maurice Jones (appointed 12 July 2013)
Linda Laidler (appointed 12 July 2013)
Margaret Arrowsmith (appointed 12 July 2013)
Graham Barker (appointed 12 July 2013)
Alan Chapman (appointed 8 October 2014)

The following people served as Trustees for part of the period but were not Trustees at the period end;

Mike Hunter (appointed 12 July 2013, resigned 25 July 2014)
Deborah Evans (appointed 12 July 2013, resigned 9 December 2013)

The appointment of new Trustees will involve analysis of the present Trustees' skills audit and identification of any gaps. Robust Trustee recruitment would then ensure prospective trustees have the skills required by the Board.

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 sourced an external provider to facilitate induction training and both external and internal opportunities are utilised to provide high quality training identified through an annual skills audit undertaken by Trustees during their annual self

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

evaluation process. Training resulting from changes to legislation and changes in practice are also provided, again from both external and internal sources.

Organisational Structure

The leadership and management structure of the Trust consists of the Board of Trustees, five Committees (Finance & General Purposes, Performance Management, Provision & Achievement, Audit and Post 19), 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 union representatives and the Executive Leadership Team, and also the Trust's Safeguarding Forum.

The Board of Trustees has overall responsibility and is ultimately accountable for both academies within the Trust. They hold to account the Executive Headteacher and Heads of Provision.

Powers are delegated from the Board via a scheme of delegation. This scheme is reviewed on an annual basis.

The Trustees, through meetings of the Board and its Committees, are responsible for strategic planning, setting general policy, adopting and monitoring the Horizons Improvement Plan and individual academy plans, setting and review of the curriculum, monitoring the standards and performance of each of the academies, budget approval and monitoring, making major decisions about the direction of the academies and the Trust and Executive Leadership Team appointments.

The Local Advisory Group advises the Executive Headteacher and Board in respect of matters relating to the academies, undertakes a consultative role, 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 to bring to the attention of the Executive Headteacher any concerns relevant to the development and the Trust of its pupils.

The Executive Leadership Team consists of the Executive Headteacher, Heads of Provision, Head of Care for the Residential Unit, Head of Finance & Operations, Head of Strategy & SEN and Governance Operations Manager. The team lead and manage 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.

The Board appointed Elizabeth Horne, Executive Headteacher of Horizons Specialist Academy Trust, as Accounting Officer for the Trust.

Connected Organisations including related party relationships

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

Risk Management

The Trustees have adopted the Statement of Recommended Practice (SORP) approach to identifying and managing the risks of the Trust. The schedule of risks will be tabled at audit committee meetings and mitigating actions agreed as required. The full risk register will be reviewed on an annual basis by the Audit Committee and an internal audit and assurance work plan agreed to review the controls in plan to mitigate and manage such risks effectively.

Where significant financial risks remain, the Trust have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

The Trust has fully implemented the requirements of the Safer Recruitment procedures and all staff have received the appropriate training and guidance.

OBJECTIVES AND ACTIVITIES

Objectives and Aims

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.

Objectives, strategies and activities

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. The extensive Travel Training opportunities for all students have also increased confidence. Clubs and out-of-school activities broaden experiences and provide opportunities for the development of talents which 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

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

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 Trust's effective 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 rollout 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 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 academies to become part of the North East Special Schools Teaching School Partnership. Having reflective peer partners for the Executive Headteacher and Heads of Provision has been both challenging and supportive in validating the Trust's self-evaluation of standards and performance. The Executive Leadership 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. The development of close partnership working with other schools and providers has expanded opportunities, particularly for the post-16 student cohort. 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. The high quality of the Trust's provisions, along with the positive response to demand for additional places within the Trust's Academies, have 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

The Trustees have complied with their duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Governors 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

PERIOD ENDED 31 AUGUST 2014

STRATEGIC REPORT

Achievements and Performance

The following describes the most recent OFSTED evaluations of each academy.

- Abbey Hill was evaluated in October 2011 by Ofsted as *Good*. Its Sixth Form was judged as *Outstanding*.
- Westlands secondary (65 pupils 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.
- The residential provision was evaluated February 2014 as *Good* with many *Outstanding aspects*.

However, more recent judgments by the Trust's senior leaders, confirmed by the recent Validated Self Evaluation (VSE), 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.

In addition, referrers recognise our high quality of provision for Social, Emotional and Mental Health Difficulties (SEMHD) through making increased applications. This has resulted in increased numbers in Westlands from 65 to 75 in secondary and 25 to 40 in primary. In response to local authority and parental demand and in light of recognition that the students in these sites have similar but different needs, the Trust produced a successful business case for registering Westlands and Green Gates as separate establishments.

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 ensures the benefits of economy of scale, allows dissemination of good practice across a wide group of staff and optimises best value. Specialised professional input from Educational Psychology, Occupational Therapy, Speech and Language Therapy, Parent Support Officers, and Professional Learning and Training Leads results in better outcomes for pupils, students, staff and our parent/carer community.

The first year of the Academy Trust has allowed these structures to be secured. 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 authority-wide conference recognised the first year as an Academy Trust and our expertise in training and development was formalised when our Special School Partnership was officially recognised as a Teaching School Alliance.

Management expertise and skills have supported successful capital bids to the Education Funding Agency (EFA). Through their particular expertise and skills, staff have accommodated and managed on-going building works while minimising the disruption to pupils. The associated bureaucratic and time-consuming demands on the Executive Headteacher and Heads of Provision have been minimised to ensure they maintain their key focus on learning and teaching.

Horizons' Executive Leadership Team has ensured that the self-evaluation of each Academy was effectively scrutinised and validated. 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.

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 one Academy (the other academy is well placed for successful evaluation this year).

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

Abbey Hill School & Technology College

The numbers of pupils on roll are 215 for the secondary pupils age 11-16, and 90 for the Sixth Form. Provision is made for pupils with a wide range of learning difficulties. Many pupils have additional needs such as communication difficulties including autism spectrum disorders, sensory impairment, physical disabilities and health needs. Overall attendance sits at 92.2%. Progress and attainment across all key stages, for the academic year 2013-14 is mostly outstanding. 100% of the pupils made at least expected progress across all core subjects from the beginning to the end of KS3, 86% made at least expected progress from the end of KS2 to the end of KS4.

97.5% of pupils in KS4 (36 pupils) gained external accreditation in both English and Maths. The accreditation ranged from Personal Progress Units through to Entry Level 3.

Key highlights for post 16 examination results 2013-14 are as follows:

Our most able learners working at GCSE / Level 1 & 2 made outstanding progress as follows:

- 100% gained 1 GCSE or Level 1/2
- 100% gained 5 GCSEs or Level 1/2
- 50% gained 8 GCSEs or Level 1/2

Of those students working from Entry Level 1 to Entry Level 3, 80% hit their target grade in 8 subjects.

Those students working from M6 up to and including Entry Level 1 made outstanding progress, with 100% of students achieving their target grade.

Our students with complex and additional needs (CAN) working at levels M4 to M5, all achieved the Entry Level 1 Personal Progress Diploma.

Teaching is good with outstanding features. Lesson observations are evaluated as 58% outstanding and 42% good. Curriculum development includes the Creative Curriculum for the year 7's and Outdoor learning for year 9's.

The curriculum model offered to the post 16 students is based around the national programme offer. All students study a selection of vocational options, with access to work experience/supported employment opportunities. This is enhanced through a Careers, Education, Information and Guidance (CEIAG) programme to ensure students are effectively supported within their transitional needs. The Trust has now employed a Speech and Language therapist, an occupational therapist and an Educational Psychologist to work with staff across the Trust to ensure the best specialist approaches, resources and techniques impact on learning.

Behaviour is evaluated as outstanding.

Westlands Secondary

The number of pupils on roll is 75. Attendance during the session 2013-14 was 85.6%. This is an increase of 11% from the previous two years. The levels of persistent absence and the number of fixed term exclusions are reducing significantly. Progress in terms of sub level rise has improved from previous years and is now reflecting the good teaching which has developed the abilities and strengths of the various groups of pupils who attend Westlands. 60% of Key Stage 3 pupils present with a learning difficulty as an addition to their Social, Emotional, Mental Health Difficulties (SEMHD). Progression for this group of students sits at 5 sublevels which is just below the national average for mainstream school pupils i.e. 6 sublevels.

Looked After Children (LAC) in Key Stage Three outperform their peers. Pupils who do not have a learning difficulty are performing above expectations in all core subjects. Progress is therefore evaluated as good. The Academy has introduced a literacy support programme using pupil premium money to target pupils who are least able in literacy (65% of pupils). From Easter to July 2014, these pupils increased their reading age by an average of 2 years 6 months.

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

Outcomes for Key Stage Four pupils are improving annually. Pupils who receive Free School Meals (FSM), BME (black and minority ethnic) and boys are outperforming other Y11 leavers in terms of average point score and attendance. Every pupil completed Y11 with at least one recognised level one qualification. The number of students achieving the level 1 threshold and those achieving at least one level 2 qualification has significantly increased since 2012. Pupils can access a wide range of external accreditation alongside many GCSE and Level 1 qualifications.

Lesson observations are good with an increasing number evaluated 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 pupils through questionnaires on how they believe the Academy is performing. The results state that pupils and parents have confidence in the school.

Westlands Primary Provision at Green Gates

The number of pupils on roll is 40. All pupils have identified Social, Emotional and Mental Health difficulties. In addition, 22% of the current cohort also have a diagnosis of learning difficulties. Attendance for the session 2013-14 was 94.6%.

Progress and attainment across Key Stage 1 and 2 is good. Benchmarked data with similar cohorts demonstrate that the majority of pupils are making at least expected progress across core subjects and many are exceeding expectations.

During the academic year of 2013-2014 outcomes for pupils at the end of KS2 were outstanding. End of Key Stage 2 assessments highlighted that 60% of pupils made at least two levels of progress, from Key Stage 1 to 2 in Reading, 80% in writing and 53% in numeracy.

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 Creative Curriculum introduced and developed during 2013-14 has improved the quality of teaching and motivates children.

The behaviour of pupils is good and in many cases outstanding. There were no exclusions during 2013-2014. Boxall profile data demonstrates that almost all pupils have made progress with managing their own emotions and behaviours.

In January 2013 Green Gates (formally known as Westlands Primary Provision) was graded by Ofsted as good in three areas (Teaching & Learning, Behaviour & Safety, Leadership & Management) Achievement was graded as 'requires improvement'. The Academy has been awarded Investors in People and Leading Parent Partnership Award in the last 12 months.

Financial Review

Upon joining Horizons Specialist Academy Trust, each Academy brought income into the Trust as a resulting of their school surplus balance when they converted to Academy status. This income is shown as voluntary income on conversion in the financial statements and is classed as unrestricted funds to the trust as this is not conditional to spend on specific purposes, other than those as described in the governing documents.

The majority of the Trusts' 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 period and the associated expenditure are shown as restricted funds in the statement of financial activities.

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

During the period 13 July 2013 to 31 August 2014 total expenditure of £7,937,053 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 income over expenditure for the period (excluding restricted fixed asset funds and pension reserve) was £1,485,959.

At 31 August 2014 the net book value of fixed assets was £6,862,893. The assets were used exclusively for providing education and associated support to the pupils in the Academies within the Trust.

Under accounting standard FRS17, 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 £2,407,000 which has been carried forward to 2014-2015. 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 in order to see a reduction in the pension deficit in future years.

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 period. These detail the framework for financial management, including financial responsibilities of the Board, Executive Headteacher 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 period 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 26 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 was originally agreed at £500,000 increasing to £600,000 in November 2014 as expenditure increased in line with the additional pupil places and funding.

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 2014 the value of reserves that were freely available to the Trust was £722,958.

Investment Policy

The Trust operates an interest bearing current account with Lloyds bank as approved by the Directors. 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 until reliable cash flow patterns have been established.

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

However, funds will and have been deposited into term deposits not exceeding six months to maximise interest generation during the period.

Key Financial 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.

Plans for Future periods

HSAT has a three-year strategic plan with specific aims and objectives for the session 2014 – 2015, the Trust aims to improve standards in all three 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 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. Updates on quality of outcomes will be formally reported to the Trustees as a means of enhancing their confidence in Quality Assurance practices.

The recently appointed range of professionals will ensure an effective and efficient Safeguarding Board. Informative approaches to address the diagnostic overlay between safeguarding and SEN will be developed through the input from the Trust's Educational Psychologist. Enhanced training for Trustees will 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 will be disseminated more widely to reflect the wide range of services associated with our Academies. Our expansion from two Academies to three requires updated websites and other forms of communication, including marketing materials to ensure that the Trust's 'local offer' is clearly and appropriately articulated for all stakeholders.

Major improvements at Westlands Academy during this academic year will significantly improve the learning environment. Both Green Gates and Abbey Hill would benefit from improvements in roofing areas and both require refurbished sports facilities. Increased numbers of pupils add further pressure for improving, updating and expansion. The Trust therefore aims to continue to improve the physical condition of each Academy through funding from the EFA Capital Improvement Fund (CIF).

The Trust will also commit funds for specific vocational developments at Abbey Hill as it may not meet the criteria set out in the CIF application.

The Trust aims for parental questionnaires to demonstrate that at least 85% 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 receiving 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. The Trust aims to have returned student questionnaires which demonstrate that at least 90% of our pupils and students are satisfied with the level of support they receive from the Trust.

HORIZONS SPECIALIST ACADEMY TRUST

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2014

The Trust intends to continue to make full use of Academy freedoms to deliver a flexible, creative curriculum which develops vocational pathways supported by access to the Trust's Travel Training Programme, embeds our Forest School Initiative, and realises good outcomes for students.

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

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Trust are centred around on going changes to High Needs Funding, the processes in which the Academies receive their primary source of income from the EFA and local commissioners of Special Educational Needs places. This is a key area that is being strictly monitored, reviewed and managed by the Trust to understand the financial implications and take action to address, if and when they may arise.

In addition the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant liability on the Trusts' balance sheet.

GOING CONCERN

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

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held as Custodian Trustee on behalf of others.

AUDITOR

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as auditor on 1 April 2014 to fill the casual vacancy. In accordance with Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as auditor will be put to the members.

Statement as to disclosure of information to auditors

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual 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 16 December 2014 and signed on its behalf by:

Colin Whittaker
Chair



HORIZONS SPECIALIST ACADEMY TRUST

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2014

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 Executive Head Teacher, 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 seven times during the period. Attendance during the period at meetings of the board of trustees were as follows:

Trustee	Meetings attended	Out of a possible
Elizabeth Horne	6	7
Sharon Davison	5	7
Deborah Evans	-	3
Barbara Yates	2	4
Colin Whittaker	6	7
Maurice Jones	5	7
Linda Laidler	7	7
Margaret Arrowsmith	6	7
Mike Hunter	3	6
Graham Barker	6	7

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 period at meetings of the Finance and General Purposes Committee was as follows:

Trustee	Meetings attended	Out of a possible
Elizabeth Horne	5	5
Maurice Jones	5	6
Linda Laidler	5	6
Sharon Davison	5	6
Colin Whittaker	4	6

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 period at meetings of the Audit Committee was as follows:

HORIZONS SPECIALIST ACADEMY TRUST

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2014

Trustee	Meetings attended	Out of a possible
Mike Hunter	2	2
Margaret Arrowsmith	2	2
Graham Barker	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period commencing with trading on 1 August 2013 ending 31 August 2014 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.

HORIZONS SPECIALIST ACADEMY TRUST

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2014

Review of Effectiveness

As Accounting Officer, the Executive Head Teacher 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 Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 16th December 2014 and signed on its behalf by:



Colin Whittaker
Chair of Trustees



Elizabeth Horne
Accounting Officer

HORIZONS SPECIALIST ACADEMY TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
PERIOD ENDED 31 AUGUST 2014

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. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

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.

Elizabeth Horne

Elizabeth Horne
Accounting Officer

HORIZONS SPECIALIST ACADEMY TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
PERIOD ENDED 31 AUGUST 2014

The Trustees (who act as governors of Horizons Specialist Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements 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 statement of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure for that year. 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 of both propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 16th December 2014 and signed on its behalf by:



Colin Whittaker
Chair of Trustees

HORIZONS SPECIALIST ACADEMY TRUST
INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 AUGUST 2014

We have audited the financial statements of Horizons Specialist Academy Trust for the period ended 31 August 2014 on pages 20 to 43. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 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 governors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17 the trustees (who 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with 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 2013 to 2014 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

HORIZONS SPECIALIST ACADEMY TRUST
INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 AUGUST 2014

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.

Baker Tilly UK Audit LLP

KEVIN ROONEY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

Date 17.12.14

HORIZONS SPECIALIST ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account and Statement of Recognised Gains and Losses)

FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £
Incoming resources					
<i>Income resources from generated funds:</i>					
Voluntary income	2	22,538	33,615	1,371,442	1,427,595
Transfer from Local Authority on conversion	29	588,704	(1,295,000)	6,883,883	6,177,587
Investment income	4	2,023	—	—	2,023
Activities for generating funds	3	104,833	22,411	—	127,244
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	5	<u>50,950</u>	<u>8,338,942</u>	<u>—</u>	<u>8,389,892</u>
Total incoming resources		<u>769,048</u>	<u>7,099,968</u>	<u>8,255,325</u>	<u>16,124,341</u>
Resources expended					
<i>Cost of generating funds:</i>					
Cost of generating voluntary income		—	24,684	—	24,684
Fundraising trading	6	37,090	1,098	—	38,188
<i>Charitable activities:</i>					
Academy's educational operations	7	—	7,654,708	197,996	7,852,704
Governance costs	8	<u>9,000</u>	<u>12,477</u>	<u>—</u>	<u>21,477</u>
Total resources expended		<u>46,090</u>	<u>7,692,967</u>	<u>197,996</u>	<u>7,937,053</u>
Net incoming resources before transfers		722,958	(592,999)	8,057,329	8,187,288
Gross transfers between funds		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income for the period		722,958	(592,999)	8,057,329	8,187,288
<i>Other recognised gains and losses:</i>					
Actuarial losses on defined benefit pension scheme		<u>—</u>	<u>(1,051,000)</u>	<u>—</u>	<u>(1,051,000)</u>
Net movement in funds		722,958	(1,643,999)	8,057,329	7,136,288
Reconciliation of funds		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances carried forward at 31 August 2014		<u>722,958</u>	<u>(1,643,999)</u>	<u>8,057,329</u>	<u>7,136,288</u>

All of the Academy Trust's activities derive from continuing operations in the current financial period.

The notes on pages 23 to 43 form part of these financial statements.

HORIZONS SPECIALIST ACADEMY TRUST

BALANCE SHEET AS AT 31 AUGUST 2014

COMPANY NUMBER: 08608287

	Notes	2014 £	£
Fixed assets			
Tangible assets	13		6,862,893
Current assets			
Stock	14	5,000	
Debtors	15	1,316,317	
Cash at bank and in hand		<u>1,975,006</u>	
		3,296,323	
Liabilities			
Creditors: amounts falling due within one year	16	<u>(615,928)</u>	
Net current assets			<u>2,680,395</u>
Total assets less current liabilities and net assets excluding pension liability			9,543,288
Pension scheme liability			<u>(2,407,000)</u>
Net assets including pension liability			7,136,288
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	17	8,057,329	
General fund	17	763,001	
Pension reserve	26	<u>(2,407,000)</u>	
Total restricted funds			6,413,330
Unrestricted income funds			
General fund	17	<u>722,958</u>	
Total unrestricted funds			<u>722,958</u>
Total funds			<u>7,136,288</u>

The financial statements on pages 20 to 43 were approved by the trustees and authorised for issue on 16th December 2014 and are signed on their behalf by:


Colin Whittaker
Chair of Trustees

The notes on pages 23 to 43 form part of these financial statements.

HORIZONS SPECIALIST ACADEMY TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2014

	Notes	2014 £
Net cash inflow from operating activities	21	189,842
Returns on investment and servicing of finance	22	2,023
Capital income and expenditure	23	1,194,437
Cash transferred on conversion to academy trust	29	<u>588,704</u>
Increase in cash in the period		1,975,006
Reconciliation of net cash flow to movement in net funds		<u><u> </u></u>
Net funds at 31 August 2014		<u><u>1,975,006</u></u>

The notes on pages 23 to 43 form part of these financial statements.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy Trust

The conversion from state maintained schools to the Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Abbey Hill, Westlands and Green Gates schools to the Trust have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with policies set out for Horizons Specialist Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The school buildings were transferred from the Council of Stockton-on-Tees to the Trust under a 125 year lease and have therefore been recognised at fair value as an asset on conversion. The land values are considered to be immaterial to the results for the period and have not therefore been recognised on that basis.

Going concern

After reviewing financial and other information available, the Trustees consider that the Academy 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.

Incoming resources

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

• **Grants receivable**

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

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. Statement of Accounting Policies (*continued*)

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

- **Interest receivable**

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

Resources expended

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

- **Cost of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

- **Governance costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. Statement of Accounting Policies (*continued*)

Tangible fixed assets

Tangible fixed asset assets costing £1,000 or more are capitalised at cost 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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Long leasehold buildings and modifications	- 50 years
Plant and Machinery	- 5 years
Furniture and equipment	- 7 years
Computer equipment and software	- 3 years
Motor Vehicles and Minibuses	- 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.

Leased Assets

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

Stock

Stationery stocks are valued at the lower of cost or net realisable value.

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.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. Statement of Accounting Policies (*continued*)

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'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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 statement of financial activities. Where funds have not been fully applied in the period then an amount will be included as amounts due to the EFA.

Fund Accounting

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

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

2. Voluntary income

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £
DfE/EfA Capital grants	-	-	1,371,442	1,371,442
Donations and other voluntary income	<u>22,538</u>	<u>33,615</u>	<u>-</u>	<u>56,153</u>
	<u>22,538</u>	<u>33,615</u>	<u>1,371,442</u>	<u>1,427,595</u>

3. Activities for Generating Funds

	Unrestricted funds £	Restricted funds £	Total 2014 £
Hire of facilities	25,766	-	25,766
Catering income	34,197	-	34,197
School fund income	3,674	-	3,674
Other income	<u>41,196</u>	<u>22,411</u>	<u>63,607</u>
	<u>104,833</u>	<u>22,411</u>	<u>127,244</u>

4. Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Short term deposits	<u>2,023</u>	<u>-</u>	<u>2,023</u>

5. Funding for Academy Trust's Educational Operations

	Unrestricted funds £	Restricted funds £	Total 2014 £
DfE/EFA Grants			
• General Annual Grant (GAG)	-	4,672,175	4,672,175
• Other DfE/EFA Grants	-	249,969	249,969
Other Government Grants			
• Local Authority grants	-	3,416,798	3,416,798
Non Grant Income	<u>50,950</u>	<u>-</u>	<u>50,950</u>
	<u>50,950</u>	<u>8,338,942</u>	<u>8,389,892</u>

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

6. Resources Expended

	Staff costs £	Non pay expenditure Premises costs £	Other costs £	Total 2014 £
Costs of generating voluntary income	–	–	24,684	24,684
Costs of activities for generating funds	–	–	38,188	38,188
Academy's education operations:				
• Direct costs	5,075,829	197,996	442,014	5,715,839
• Allocated support costs	<u>1,335,521</u>	<u>232,831</u>	<u>568,513</u>	<u>2,136,865</u>
	6,411,350	430,827	1,073,399	7,915,576
Governance costs including allocated support costs	<u>–</u>	<u>–</u>	<u>21,477</u>	<u>21,477</u>
	6,411,350	430,827	1,094,876	7,937,053
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Incoming resources for the period include:

	2014 £
Fees payable to Baker Tilly UK Audit LLP and its associates for:-	
• Audit	6,300
• Other services	2,700
Operating leases - Other	<u><u>12,804</u></u>

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

7. Charitable Activities – Academy Trust's Educational Operations

	Unrestricted funds £	Restricted funds £	Restricted fixed assets £	Total 2014 £
Direct costs:				
Teaching and educational support staff costs	–	5,075,829	–	5,075,829
Depreciation	–	–	197,996	197,996
Educational supplies	–	108,602	–	108,602
Examination fees	–	176,983	–	176,983
Staff development	–	66,481	–	66,481
Professional and hired in services	–	51,170	–	51,170
Other direct costs	–	38,778	–	38,778
	–	5,517,843	197,996	5,715,839
Allocated support costs:				
Support staff costs	–	1,335,521	–	1,335,521
Recruitment and support	–	8,630	–	8,630
Maintenance of premises and equipment	–	109,938	–	109,938
Cleaning	–	8,886	–	8,886
Rent and rates	–	20,127	–	20,127
Energy costs	–	85,738	–	85,738
Insurance	–	163,175	–	163,175
Security and transport	–	66,798	–	66,798
Catering	–	201,204	–	201,204
Bank interest and charges	–	128	–	128
FRS 17 finance charges	–	(51,000)	–	(51,000)
Other support costs	–	187,720	–	187,720
	–	2,136,865	–	2,136,865
Total	–	7,654,708	197,996	7,852,704

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

8. Governance Costs

	Unrestricted funds £	Restricted funds £	Total 2014 £
Legal & professional fees	–	12,477	12,477
Auditor's remuneration:			
Audit of financial statements	6,300	–	6,300
Other fees	<u>2,700</u>	<u>–</u>	<u>2,700</u>
	<u>9,000</u>	<u>12,477</u>	<u>21,477</u>

9. Staff costs

Staff costs during the thirteen month period were:

	Total 2014 £
Wages and salaries	4,966,575
Social security costs	354,999
Pension costs	<u>754,692</u>
	6,076,266
Supply staff costs	322,473
Staff restructuring costs	<u>12,611</u>
	<u>6,411,350</u>

The average number of persons (including senior management team) employed by the Academy Trust during the period expressed as full time equivalents was as follows:

	2014 No
Charitable activities	
Teachers	46
Teaching assistants	54
Administration and support	48
Management	<u>7</u>
	155

The number of employees whose annual emoluments fell within the following band was as follows.
The following salaries are for a thirteen month period:

	2014 No
£60,001 - £70,000	1
£70,001 - £80,000	2
£110,001 - £120,000	1

The employees noted above participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £45,141.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

10. Central Services

The Academy Trust provides support in relation to each academy and includes support from the Executive Head Teacher, Governance Operations Manager, Head of Strategy & SEN, Head of Finance & Operations and Facilities & Premises Manager. In addition, the following services are also included:

- Human Resources
- Financial Services
- Technology Support Services
- Education & Support Services

The costs are charged on a percentage of staffing cost basis. The amounts charged during the period were as follows:

- Abbey Hill Academy - £413,812
- Westlands Academy - £203,818

11. Related Party Transactions – Trustees' Remuneration & Expenses

The Executive Head Teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Head Teacher and staff members under their contracts of employment and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Trust in respect of their role as Trustees. The value of Trustees remuneration for the thirteen month period was as follows:

- Elizabeth Horne (Executive Head Teacher) - £111,896

During the period ended 31 August 2014, no expenses were reimbursed to Trustees.

Other Related party transactions involving the trustees are set out in note 27.

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,023. The cost of this insurance is included in the total insurance cost.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

13. Tangible Fixed Assets

	Long leasehold buildings £	Furniture and equip- ment £	Computer equipment £	Motor Vehicles £	Total £
Cost					
Additions	85,366	11,403	52,637	27,599	177,005
Transfer on conversion	<u>6,741,000</u>	<u>60,000</u>	<u>54,267</u>	<u>28,617</u>	<u>6,883,884</u>
At 31 August 2014	<u>6,826,366</u>	<u>71,403</u>	<u>106,904</u>	<u>56,216</u>	<u>7,060,889</u>
Depreciation					
Charged in the period	<u>146,055</u>	<u>9,765</u>	<u>31,786</u>	<u>10,390</u>	<u>197,996</u>
At 31 August 2014	<u>146,055</u>	<u>9,765</u>	<u>31,786</u>	<u>10,390</u>	<u>197,996</u>
Net book values					
At 31 August 2014	<u>6,680,311</u>	<u>61,638</u>	<u>75,118</u>	<u>45,826</u>	<u>6,862,893</u>

14. Stock

	2014
	£
Stationery stocks	<u>5,000</u>

15. Debtors

	2014
	£
Trade debtors	128,461
Other debtors	68,957
Prepayments and accrued income	<u>1,118,899</u>
	<u>1,316,317</u>

All amounts shown within debtors fall due for repayment within one year.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

16. Creditors: amounts falling due within one year

	2014
	£
Trade creditors	26,153
Tax and social security	96,839
Other creditors	79,552
Accruals and deferred income	<u>413,384</u>
	<u>615,928</u>
Deferred income	
Deferred in the period	<u>228,329</u>
	<u>228,329</u>

At the balance sheet date the academy trust was holding funds received in advance of SEN top up funds relating to the year ended 31 August 2015.

17. Funds

	Income resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds				
General Annual Grant (GAG)	4,672,175	(3,909,174)	–	763,001
Other DfE/EFA grants	249,969	(249,969)	–	–
Local authority grants	3,416,798	(3,416,798)	–	–
Other income	56,026	(56,026)	–	–
Pension reserve	<u>(1,295,000)</u>	<u>(61,000)</u>	<u>(1,051,000)</u>	<u>(2,407,000)</u>
	<u>7,099,968</u>	<u>(7,692,967)</u>	<u>(1,051,000)</u>	<u>(1,643,999)</u>
Restricted fixed asset funds				
DfE/EFA capital grants	1,371,442	–	–	1,371,442
Assets transferred from Local Authority	<u>6,883,883</u>	<u>(197,996)</u>	<u>–</u>	<u>6,685,887</u>
	<u>8,255,325</u>	<u>(197,996)</u>	<u>–</u>	<u>8,057,329</u>
Total restricted funds	<u>15,355,293</u>	<u>(7,890,963)</u>	<u>(1,051,000)</u>	<u>6,413,330</u>
Unrestricted funds				
General funds	<u>769,048</u>	<u>(46,090)</u>	<u>–</u>	<u>722,958</u>
Total funds	<u>16,124,341</u>	<u>(7,937,053)</u>	<u>(1,051,000)</u>	<u>7,136,288</u>

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

17. Funds (*continued*)

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

The General Annual Grant (GAG) must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Other DfE/EFA grants, Local Authority grants and other income 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 LGPS, and the pension liability has therefore been aligned with these funds.

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus capital grants acquired on conversion.

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

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

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

17. Funds (continued)

Analysis of Academies' by fund balance

Final balances as at 31 August 2014 were allocated as follows:

	Total 2014 £
Abbey Hill Academy	1,150,155
Westlands Academy	<u>335,804</u>
Total before fixed assets and pension reserve	1,485,959
Restricted fixed asset fund	8,057,329
Pension reserve	<u>(2,407,000)</u>
Total	<u><u>7,136,288</u></u>

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

	Teaching & Educational Support staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other costs (excluding Depreciation and FRS 17 charges) £	Total 2014 £
Abbey Hill Academy	3,549,529	692,543	84,640	844,995	5,171,707
Westlands Academy	<u>1,526,300</u>	<u>530,978</u>	<u>23,962</u>	<u>425,110</u>	<u>2,506,350</u>
Academy trust	<u><u>5,075,829</u></u>	<u><u>1,223,521</u></u>	<u><u>108,602</u></u>	<u><u>1,270,105</u></u>	<u><u>7,678,057</u></u>

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

18. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2014 £
Tangible fixed assets	-	-	6,862,893	6,862,893
Current assets	722,958	1,378,929	1,194,436	3,296,323
Current liabilities	-	(615,928)	-	(615,928)
Pension scheme liability	-	(2,407,000)	-	(2,407,000)
Total net assets	722,958	(1,643,999)	8,057,329	7,136,288

19. Capital Commitments

	2014 £
Contracted for, but not provided in the financial statements	<u>1,105,914</u>

20. Financial Commitments

Operating Leases

At 31 August 2014 the Trust had annual commitments under non-cancellable operating leases as follows:

	2014 £
Other	
Expiring within one year	3,716
Expiring within two and five years inclusive	34,075
Expiring in over five years	-
	<u>37,791</u>

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

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

	2014
	£
Net incoming resources for the period	8,187,288
Depreciation (note 13)	197,996
Interest receivable	(2,023)
Capital grants received	(1,371,442)
Transfer on conversion	(6,177,587)
FRS 17 pension cost	112,000
FRS pension finance cost	(51,000)
(Increase) in debtors	(1,316,317)
(Increase) in stocks	(5,000)
Increase in creditors	<u>615,927</u>
Net cash inflow from operating activities	<u><u>189,842</u></u>

22. Returns on investments and servicing of finance

	2014
	£
Interest received	<u>2,023</u>

23. Capital expenditure and financial investment

	2014
	£
Purchase of tangible fixed assets	(177,005)
Capital grants received	<u>1,371,442</u>
	<u><u>1,194,437</u></u>

24. Analysis of changes in net funds

	Cash flows	At 31 August 2014
	£	£
Cash in hand and at bank	<u>1,975,006</u>	<u>1,975,006</u>

25. Members' Liabilities

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

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

26. Pension 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 Tyne & Wear Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), 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. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

26. Pension and similar obligations (*continued*)

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the period amounted to £326,115.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

26. Pension and similar obligations (*continued*)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme with the assets held in separate trustee-administered funds. All funds are included in the Tesside Pension fund, a combined valuation for all schools in the trust has been obtained and details noted below relate to the Trust collectively. The total contribution made for the period ended 31 August 2014 was £463,000 of which employer's contributions totalled £330,000 and employees' contributions totalled £133,000. The agreed contributions to the fund for the period ended 31 August 2015 was £311,000.

Principal Actuarial Assumptions	At 31 August 2014
Rate of increase in salaries	3.6
Rate of increase for pensions in payment	2.1
Discount rate for scheme liabilities	3.7
Inflation assumption (CPI)	2.1
Commutation of pensions to lump sums	
• past service pension entitlements	2.1
• future service pension entitlements	2.1

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

	At 1 August 2014
<i>Retiring today</i>	
Males	22.9
Females	25.4
<i>Retiring in 20 years</i>	
Males	25.1
Females	27.7

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

26. Pension and similar obligations (*continued*)

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014	Fair value at 31 August 2014 (£)
Equities	7.5%	4,367,720
Government bonds	2.9%	101,080
Corporate bonds	3.3%	234,080
Property	6.8%	287,280
Cash	1.1%	207,480
Other	7.5%	122,360
 Total market value of assets		 5,320,000
Present value of scheme liabilities		<u>(7,727,000)</u>
 Deficit in the scheme		 (2,407,000)

Horizons Specialist Academy Trust employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principals. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each class over the actual assets allocation for the Fund at 31 August 2014.

The actual return on scheme assets was £311,000

Amounts recognised in the statement of financial activities

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is £1,005,000 loss.

	2014 £
Current service cost (net of employee contributions)	442,000
Past service cost	<u>-</u>
Total operating charge	442,000
 Analysis of pension finance income	
Expected return on pension scheme assets	357,000
Interest on pension liabilities	<u>(306,000)</u>
 Net return	 <u>51,000</u>

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

26. Pension and similar obligations (*continued*)

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

	2014
	£
Transfer on conversion	5,869,000
Current service cost	442,000
Employee contributions	133,000
Actuarial loss	1,005,000
Interest cost	306,000
Net benefits paid out	<u>(28,000)</u>
At 31 August	7,727,000

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

	2014
	£
Transfer on conversion	4,574,000
Expected return on assets	357,000
Actuarial gain	(46,000)
Employer contributions	330,000
Employee contributions	133,000
Net benefits paid out	<u>(28,000)</u>
At 31 August	5,320,000

The estimated value of employer contributions for the year ended 31 August 2015 is £311,000.

The five year history of experience adjustments is as follows:

	As at 31 August 2014 £
Present value of defined benefit obligations	7,727,000
Fair value share of scheme assets	<u>5,320,000</u>
Deficit in the scheme	(2,407,000)
Experience adjustments on share of scheme assets	
	-0.9%
Amount £	(46,000)
Experience adjustments on scheme liabilities	
	0.0%
Amount £	-

HORIZONS SPECIALIST ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

27. Related Party Transactions

Owing to the nature of the Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations 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's financial regulations and normal procurement procedures.

28. 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 period it received £24,684 and disbursed £24,219. The Academy Trust retained a beneficial interest in individual transactions such that £465 has been recognised in income and expenditure in the statement of financial activities.

29. Conversion to an academy trust

The following schools converted to Academy Trust status under the Academies Act 2010 on the following dates:

Predecessor School	Conversion Date	Local Authority
Abbey Hill	1 August 2013	Stockton-on-Tees
Westlands	1 August 2013	Stockton-on-Tees

All the operations and assets and liabilities were transferred to Horizons Specialist Academy Trust from Stockton-on-Tees Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £
Fixed assets	-	-	6,883,883	6,883,883
Budget surplus on LA funds	198,497	-	-	198,497
Budget surplus on school fund	390,207	-	-	390,207
LGPS pension deficit	-	(1,295,000)	-	(1,295,000)
Net assets/(liabilities)	588,704	(1,295,000)	6,883,883	6,177,587

The above net assets include £588,704 that was transferred as cash.

All leasehold properties transferred from the local authority were transferred on 125 year lease agreements.