

# HORIZONS SPECIALIST ACADEMY TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

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# **Horizons Specialist Academy Trust**

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# Horizons Specialist Academy Trust

## Reference and Administrative Details

|  |   |
|--|---|
| <b>Members</b>                         | M Clinton<br>Dame D Smith<br>Prof. I Cunningham<br>M D Jones<br>J Caldwell (appointed 30 October 2017 and resigned 25 May 2018)                           |
| <b>Trustees (Directors)</b>            | E A Horne CBE<br>C J Whittaker<br>L Laidler<br>Dr B N P Sinha<br>J Bromiley<br>H Dyson<br>M D Jones<br>S Richardson<br>S Wilson (appointed 30 April 2018) |
| <b>Company Secretary</b>               | A R Ascough   |
| <b>Senior Management Team</b>          | E A Horne CBE, Chief Executive<br>P Ewart, Principal<br>R Whelan, Principal<br>K Thompson, Principal<br>M Lyons, Principal<br>D Penny, Principal          |
| <b>Principal and Registered Office</b> | Abbey Hill Academy<br>Ketton Road<br>Stockton-On-Tees<br>Cleveland<br>TS19 8BU  |
| <b>Company Name</b>                    | Horizons Specialist Academy Trust   |
| <b>Company Registration Number</b>     | 08608287  |
| <b>Auditors</b>                        | Tait Walker LLP<br>Bulman House<br>Regent Centre<br>Gosforth<br>Newcastle upon Tyne<br>NE3 3LS  |
| <b>Bankers</b>                         | Lloyds Bank<br>27 High Street<br>Stockton-On-Tees<br>Cleveland<br>TS18 1SG  |
| <b>Solicitors</b>                      | Womble Bond Dickinson (UK) LLP<br>One Trinity<br>Newcastle upon Tyne<br>NE1 2HF   |

# **Horizons Specialist Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2018**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

Horizons Specialist Academy Trust is a Multi-Academy Trust. In that capacity, it acts as one employer across all Academies within the Trust. The schools forming part of the Academy Trust during the financial year were:

- Abbey Hill Academy & Sixth Form – Ketton Road, Stockton on Tees, TS19 8BU
- Westlands Academy – Eltham Crescent, Thornaby, Stockton on Tees, TS17 9RA
- Green Gates Academy - Melton Road, Stockton on Tees, TS19 0JD
- Hollis Academy – Saltersgill Avenue, Middlesbrough, TS4 3JS

### **Structure, Governance and Management**

#### **Constitution**

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

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

#### **Members' Liability**

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

#### **Trustees' Indemnities**

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

# Horizons Specialist Academy Trust

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

### Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed under the rules contained within the Trust's Memorandum and Articles of Association and membership of the Board of Trustees is in accordance with the structure contained within it, i.e. the Chief Executive, up to six Member appointed Trustees, a minimum of two parent

Trustees (unless there are Local Governing Bodies which include at least two parent members) and the discretion to appoint Co-opted 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.

Following the establishment of two Local Governing Bodies – referred to as *Academy Councils* - one focussing on students with complex needs at Abbey Hill Academy and the Sixth Form and the second, pupils and students with SEMH at Green Gates, Hollis and Westlands Academies, and in line with the Trust's Articles of Association, considerable work has taken place to appoint parent governors to each of the Academy Councils. There is a vacancy for a parent on each Academy Council at the present time, and recruiting to the vacancies is a key area of focus for Academy Principals in order to ensure parents are fully represented. Parent governors must be a parent of a pupil at one of the Academies at the time they were elected, however if it is not practical to do so, a person can be appointed who is the parent of a child of school age.

The Chief Executive of the Trust shall be a Trustee for as long as she remains in that position.

The Trustees may appoint Co-opted Trustees. The Trustees may not co-opt an employee of the Trust as a co-opted Trustee if thereby the number of Trustees who are employees would exceed one third of the total number of Trustees. A Co-opted Trustee was appointed on 30 April 2018.

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 Trustees:

Elizabeth Horne CBE

Colin Whittaker

Maurice Jones

Linda Laidler

Dr Baxi Sinha

Helen Dyson

James Bromiley

Sue Richardson

Sian Wilson

# **Horizons Specialist Academy Trust**

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

The appointment of new Trustees involves analysis of the present Trustees' skills and identification of any gaps. Robust Trustee recruitment ensures prospective Trustees have the skills required by the Board; this includes potential Trustees being interviewed by the Chair and Chief Executive, prior to any recommendation for appointment. During 2017/2018, liaison has taken place with Academy Ambassadors and following a recruitment campaign, the Trust successfully appointed a new co-opted Trustee in April 2018. Academy Ambassadors are also supporting the Trust in appointing to the Member vacancy.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

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

Training requirements are identified during the Board's annual self-evaluation process and also to reflect changes to legislation. Bespoke training is also provided for newly appointed Trustees.

The Chair of the Board and the Governance Operations Manager attended a 'Governance in MATs' conference in November 2017. This has supported discussions with regard to roles and responsibilities within the Board and an update to Board agendas to provide more training opportunities for Trustees; the Board agreed that at termly meetings the agenda would include a 15-30 minute item at the beginning of each meeting to enable training or briefings to be provided. To date, the Trust's Data Protection Officer has provided General Data Protection Regulation (GDPR) training prior to the implementation of GDPR on 25 May 2018.

The Board's annual self-evaluation took place in the Spring term 2018. The beginning of the session focussed on the impact of the previous year's self-review, and then Trustees considered and evaluated areas including school improvement, people and leadership, risk management, financial sustainability and governance. The outcomes from the session were discussed at length at the subsequent Board meeting and an action plan was prepared to identify those areas highlighted by Trustees for further action. These actions were subsequently reviewed alongside actions already identified in the Trust's Strategic Plan to ensure any identified areas for further development were addressed.

Trustees also have access to National Governance Association (NGA) weekly briefings to support them in keeping up-to date with national education and governance issues.

Already planned for the autumn term 2018, Trustees and Governors will be receiving safeguarding training from an external provider on 22 October 2018 to ensure they are fully up-dated in terms of the revised 'Keeping Children Safe in Education' document, revised guidance for designated teachers for looked after children and those previously looked after, and new guidance on restraint issued by DfE and the Department of Health.

# **Horizons Specialist Academy Trust**

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

### **Organisational Structure**

The leadership and management structure of the Trust has evolved during 2017/2018. The Board of Trustees has retained the Finance & General Purposes, Audit and Performance Management Committees, and in the Spring term 2018 the Provision & Achievement Committees was replaced by a Trustees Standards Committee and two Academy Councils – Academy Council (Complex Needs) for Abbey Hill Academy and Abbey Hill Academy Sixth Form; and Academy Council (SEMH) for Green Gates, Hollis and Westlands Academies. Operationally there is the Executive Leadership Team and individual academy Senior Leadership Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. In addition, there is a Joint Consultative Group, involving representatives from trade unions within the Trust, which meets on an at-least-termly basis with the Chief Executive, members of the Executive Leadership Team, the Head of HR and a member of the Board of Trustees. The Trust also has a fully established Safeguarding Forum that is attended by the Lead Safeguarding Director.

The Board of Trustees has overall responsibility and is ultimately accountable for the academies within the Trust. They hold the Chief Executive to account, who in turn holds the Academy Principals to account.

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

The Trustees, through meetings of the Board and its Committees and the Academy Councils, are responsible for the strategic direction of the Trust and its individual academies, which includes:

- Setting general policy;
- Adopting and monitoring the Trust's Strategic Improvement Plan and individual Academy Improvement Plans;
- Detailing and reviewing the curriculum;
- Identifying Key Performance Indicators and monitoring performance;
- Monitoring progress and performance against Key Performance Indicators;
- Monitoring the standards and performance of the Trust's academies;
- Budget approval and monitoring, and
- Making major decisions in relation to the Trust and Executive Leadership Team.

Horizons Executive Leadership Team (HELT) consists of the Chief Executive, Executive Principal, five Principals, Head of Finance & Operations and Head of HR. In addition, other key personnel - including the IT Manager, Governance Operations Manager/Data Protection Officer, Safeguarding Lead and Premises & Facilities Manager - advise the Executive Leadership Team. HELT leads and manages the Trust at an executive level, steering the direction of the Trust in line with strategic plans and developing opportunities.

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

### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

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

## Horizons Specialist Academy Trust

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

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

#### Trade Union Facility Time

##### Relevant Union Officials

| Number of employees who were relevant union officials during the period | Full-time equivalent employee number |
|---|--------------------------------------|
| 4   | 210.47                               |

##### Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%                 | 2                   |
| 1% - 50%           | 2                   |
| 51% - 99%          |                     |
| 100%               |                     |

##### Percentage of pay bill spent on facility time

|   |            |
|---|------------|
| Total cost of facility time                             | £1,559.14  |
| Total pay bill  | £8,263,107 |
| Percentage of the total pay bill spend on facility time | 0.02%      |

##### Paid trade union activities

|  |    |
|--|----|
| Total spend on paid trade union activities as a percentage of total paid facility time hours | 0% |
|--|----|

##### Related Parties and Other Connected Charities and Organisations

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



# Horizons Specialist Academy Trust

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

### Objectives and Activities

#### Objects 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 providing the best possible education for our children and young people, thus ensuring that they can be all that they can be.

Our vision of 'Providing Infinite Opportunities' underpins our commitment to further developing and continuously improving services based on the assessed needs of our pupils and students. **The Safety and Wellbeing** of our pupils and students is non-negotiable. The Trust's strengthened approach to recognising and acting upon **Student Voice** with **Early Help** procedures ensures that our vulnerable children and young people are protected from harm and supported to succeed.

HSAT's purpose is to ensure that every child and young person receives a high quality education and achieves. Commitment to **Educational Excellence**, and improvement in provision across all its Academies, ensures that our pupils and students are successful, motivated learners. The Trust 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. Through our close working relationships with local schools, we support our pupils and students 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 ensure our students become confident in their interaction with others. Being confident in such interaction and participating with others in the local and wider community ensures our students are **Prepared for Adult Life** 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.

### 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.

# Horizons Specialist Academy Trust

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

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

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

**The Trust invests in the best use of IT** to develop the skills of staff to improve learning for our pupils and students and ensure best outcomes. The contribution of an experienced and effective Head of IT continues to have a positive impact on how the Trust's IT staff use their expertise to ensure the infrastructure is up-to-date and supports effective communication at all levels. The recruitment and deployment of specific specialists in the area of communication has been one means of supporting staff expertise. Staff are supported in the 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 development of a clearly articulated IT strategic plan for the Trust is a key factor in enabling the Trust to expand, thus increasing the number of Academies within HSAT. The enhancement of IT infrastructure will support the potential addition of another sponsor academy in the 2018/19 school session.

The Trust is **outward-thinking** in its partnerships, since sharing good practice beyond the Trust academies generates new ideas. The Trust's professional credibility as an academy sponsor resulted in it being approached to consider becoming a sponsor match for an additional sponsor academy. The outcome of the expression of interest will be known in September 2018. Having key professionals within the Trust who have a strong track record of supporting school improvement and quality assurance, including current practising Ofsted Inspectors, has resulted in the Trust being able to offer support and advice to other special schools. In addition, the Trust is a valued Strategic Partner of the Campus Stockton Teaching Alliance. Having reflective peer partners for the Chief Executive and Principals has been both challenging and supportive in validating the Trust's self-evaluation of standards and performance. The Executive Leadership and Board of Trustees have worked to develop a more reflective learning organisation. As a result, values are shared and adopted across the Trust, with committed and engaged staff translating them into practice.

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

# Horizons Specialist Academy Trust

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

The Trust is responsive to change while maintaining high standards. It has invested in the provision of multi-professional services such as Educational Psychology, Occupational Therapy, and Speech and Language Therapy in order to ensure each pupil and student has support for their individual needs. The Trust is committed to providing what is detailed in individual learning, health and care plans. In addition, our commitment to - and prioritising of - Safeguarding is reflected in the work undertaken by a specific, appropriately qualified post-holder in this area. The benefits of this appointment to the Safeguarding of pupils and students and the exercise of good practice have already been demonstrated. The Safeguarding Lead has led a team of Parent Support Advisors and care staff to further develop the Trust's Early Help interventions for identified vulnerable children and young people. The high quality of the Trust's provisions, along with the positive response to demand for additional places within the Trust's Academies, has resulted in increased numbers across all Academies. Our effective and efficient use of existing funding and our commitment to securing new sources of revenue has enabled us to plan for the much-needed improvement in the physical learning environment in one Academy.

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

The Trust is committed to implementing equal opportunities for all prospective employees, which is evident throughout the recruitment process. As an employer, we strive to ensure the staffing reflects the diversity of our community, eliminating discrimination and harassment across our workforce. We ensure that all staff, including support and administrative staff, receive appropriate training and opportunities for professional development, both as individuals and as groups, or as teams - ensuring equal career development opportunities for all.

Each year, the Chief Executive holds Trust-wide staff meetings at the start of term outlining the strategic plan for the forthcoming year. At the end of term, a similar meeting takes place to celebrate successes and achievements and look at the next steps for the future.

Union representatives from all groups meet with the Chief Executive and Head of Human Resources termly to discuss any matters arising. The establishment of Academy Councils during the 2017/18 session has resulted in staff members from the Trust's Academies undertaking governance roles as appointed contributors to the Academy Councils. This staff representation ensures staff consultation and direct contribution to developments at Academy level. On a more regular basis, staff briefings take place at least three times a week or in some Academies, daily providing many opportunities for consultation.

### Public Benefit

The Trustees have complied with their duty in Section 4 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

## STRATEGIC REPORT

### Achievements and Performance

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

- Ofsted evaluated Abbey Hill in June 2015 as *Good* in all categories. Its Sixth Form was judged as *Outstanding*.

## Horizons Specialist Academy Trust

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

- Ofsted evaluated Westlands Academy in December 2016 as *Good* in all categories. This is the first Ofsted evaluation since the Academy was established as a secondary-only provision in September 2014. The Trust is now able to highlight that the secondary academy for students with SEMH is at least a good provision.
- Ofsted evaluated Green Gates Primary Academy in June 2017 as overall *Requires Improvement*. This was the first Ofsted evaluation since the establishment of the primary Academy in September 2014. In March 2018 an external evaluation of Green Gates Academy provided evidence of improvement in the areas identified as requiring improvement by Ofsted in June 2017. At the end of the 2017/18 session, The Trust evaluated Green Gates Academy as an overall Good school.
- Ofsted have yet to evaluate Hollis Academy, the Trust's sponsor Academy.

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

The Trust's vision of *Providing Infinite Opportunities* and its aim *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 supports such as Finance, Human Resources, Premises, and IT ensure the benefits of economies of scale, allow dissemination of good practice across a wide group of staff, and optimise best value. Specialised professional input from Educational Psychology, Occupational Therapy, Speech and Language Therapy, the Parent Support Advisers, the Safeguarding Lead, the Professional Learning and Development Lead, the Quality Assurance Lead and the Executive Principal result in better outcomes for pupils, students, staff and our parent/carer community.

Structures have been further consolidated and developed during the fifth year of operation of the Trust. The training and development programme for staff is recognised as robust, relevant and supportive to other schools. Training is delivered across the Trust and to other institutions. The Trust's expertise, and training and development, ensures the continued contribution by the Trust's designated Specialist Leaders of Education (SLEs), and two Ofsted Inspectors. In addition, The Trust's involvement as a Strategic Partner within the Campus Stockton Teaching Alliance is highly-valued - with other schools having access to, and benefitting from, the quality of professional development which can be, and is, on offer within the Trust's Academies.

Management expertise and skills have supported successful capital bids to the Education and Skills Funding Agency (ESFA) that have resulted in substantial improvements to the classroom provision at Westlands Academy, additional tutorial spaces at Green Gates Academy as well as roof replacement and installation of a new boiler there, and improvement and extension to the dining facilities for students at Abbey Hill Academy as well as a much-needed replacement of a boiler to improve overall efficiency. Success in a fourth round of bids has resulted in the award of capital to replace the roof at Abbey Hill Academy and at Westlands Academy. The success in the fifth round of bids has resulted in the provision of much-needed, bespoke, playground facilities for students with complex additional learning needs based at Abbey Hill Academy. Key personnel supported the associated bureaucratic and time-consuming demands, thus ensuring the Chief Executive and Principals maintain their key focus on learning and teaching.

# Horizons Specialist Academy Trust

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

Horizons' Executive Leadership Team continues to ensure that the self-evaluation of each Academy is effectively scrutinised and validated through internal processes, and external and independent professional scrutiny. The appointment of an Executive Principal in the 2017/18 session to lead the Trust's School Improvement Team has resulted in more effective scrutiny of school performance, including more robust challenge of the Trust's Principals. Monitoring of lesson observations, moderation of standards, and scrutiny of achievement and attainment are embedded within the Trust's cycle of Quality Assurance and associated reporting to Trustees. In addition, the support and challenge provided by the external School Development Partner - who has a recognised outstanding level of expertise in the area of Special Educational Needs and is formally designated as a National Leader of Education - gives the Trustees confidence in the validation of standards within the Trust's Academies.

Confirmation of the quality of the Trust's leadership and management and, in particular, its management of change and development is reflected in awards gained: Investors in People Silver Employer of the Year Finalist, receiving a trophy in recognition of the award; the renewal of the *Leading Parent Partnership Award* for all four Academies, Westlands Academy and Abbey Hill Academy and Abbey Hill Academy Sixth Form qualifying for the Rights Respecting School Award; Abbey Hill Academy and Abbey Hill Academy Sixth Form receiving the Anti-bullying Quality Mark and gaining National Autistic Society (NAS) Accreditation. In addition, the Ofsted Education Inspection of Westlands Academy in December 2016 highlight the strengths in the effectiveness of Leadership and Management.

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

#### **Background**

- Abbey Hill Academy and Sixth Form is a specialist secondary school based in Stockton-On-Tees for children and young people aged 11-19 with a wide range of learning difficulties and disabilities.
- Abbey Hill Academy and Sixth Form converted to academy status in August 2013 as one of the founding academies of Horizons Specialist Academy Trust.
- Number on roll: 301

- The current site, has three buildings: Stephenson, Walker and the Sheraton building (Sixth Form provision). Over the past few years, demand for places has increased significantly. The Walker Building which was built in 2008 was originally created for 40 students with needs
- relating to a diagnosis of autism; we currently have 60 students accessing the space. In September 2018, this figure will rise to 72. During the 2018-2019 academic year, the plan is to extend the existing Walker Building with a modular building providing an additional two classrooms.
  - Almost all of the students attending Abbey Hill Academy and Sixth Form have an Education, Health and Care plan.

- Abbey Hill Academy and Sixth Form currently has the Investors in People Silver Award, Leading Parent Partnership Award, Inclusion Quality Mark (Silver level), and The Anti-Bullying Quality Mark. In August 2018 the academy was recognised by the National Autism Society and received the NAS Award. The Academy has also been recently recognised by UNICEF for its commitment to embedding The Rights Respecting Schools programme and received the Silver Award in June 2018.
- 

#### **Most recent Ofsted judgement**

The academy was last inspected by Ofsted in June 2015 and was graded as 'good' overall with an 'outstanding' sixth form provision.

# **Horizons Specialist Academy Trust**

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

"Leaders are determined to create a culture of excellence and are "committed to making sure that the students achieve their best, both academically and personally" (Ofsted 2015).

"Students are confident, show good attitudes to their learning and take a pride in their work. They want to do well." (Ofsted 2015)

### **Westlands Academy**

#### **Background**

- Westlands Academy is an 11-16 Secondary SEMH school with places for 85 students. The Trust received £1.25m capital funding for a major refurbishment which was completed in 2015 on the original site.
- Westlands Academy converted to academy status in August 2013 as one of the two founding academies of Horizons Specialist Academy Trust and originally catered for primary and secondary aged students over a split site. In September 2014, Westlands Academy was officially re-designated into a primary and secondary forming two separate academies.
- Westlands Academy is based in Stockton and the majority of students reside in the Stockton area with students also travelling from Middlesbrough, Redcar, Darlington and Hartlepool.
- Number on roll: 75
- Almost all of the students attending Westlands Academy have an Education, Health and Care plan.

#### **Most recent Ofsted judgement**

The academy was last inspected by Ofsted in December 2016 and was graded as 'good' overall.

"Senior Leaders set high expectations for all pupils"

"Academy trust directors make an important contribution to the school's leadership and management"

"Pupils develop the positive attitudes they need to be increasingly successful learners"

(Ofsted 2016)

### **Green Gates Academy**

#### **Background**

- Green Gates Academy is a primary special school for pupils with social, emotional and mental health difficulties. The age range of pupils attending is 5-11 years.
- Green Gates Academy is based in Stockton-On-Tees and most pupils reside in Stockton, with pupils also travelling from Middlesbrough, Darlington and Redcar and Cleveland.
- Green Gates Academy was originally the primary within Westlands Academy; one of the two founding Academies of Horizons Specialist Academy Trust. In September 2014, Westlands Academy was officially re-designated into a primary and secondary forming two separate Academies.
- Number on roll: 48
- Pupil numbers have been steadily increasing since September 2014.

# **Horizons Specialist Academy Trust**

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

- All the pupils attending the Academy have statements of SEN and have an Education Health and Care plan.
- The Academy has been approached by the Local Authority to add an additional 10 places to the roll, moving the academy from 40 places to 50 from September 2018.

### **Most recent Ofsted judgement**

Green Gates was inspected by Ofsted as 'requires improvement' overall in June 2017. Since the last inspection a Validated Self Evaluation was carried out and judged the Academy as good overall.

### **Hollis Academy**

#### **Background**

- Hollis Academy is a secondary SEMH school for children aged 11-16.  
Hollis Academy is based in Middlesbrough and is the only secondary SEMH school within the Borough. The majority of students reside in the Middlesbrough area with students also travelling from Stockton, Redcar, Darlington and Hartlepool.
- The school moved into a new building in April 2011 on the original site which is shared with another special school within Middlesbrough.
- Hollis Academy became a sponsored academy and part of Horizons Specialist Academy Trust on 1st October 2016.
- Number on roll: 80
- Almost all of the students attending the Academy have statements of SEN or have an Education Health and Care plan.

### **Most recent Ofsted judgement**

Since the school converted to an academy in October 2016, the school has not received an Ofsted inspection. Internal reviews show the academy is aiming for a 'good' judgement in the next inspection.

### **Key Performance Indicators**

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

### **Going Concern**

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

Further details regarding the adoption of the going concern basis can be found within note 1 to the Finance Statements – Accounting Policies.

# **Horizons Specialist Academy Trust**

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

### **Financial Review**

Upon joining Horizons Specialist Academy Trust, each academy brought income into the Trust as a result of its school surplus balance when it converted to Academy status, in addition to private school funds. This, plus additional income generated during the first five years of operating, is shown as unrestricted funds to the Trust. As such, this is not a conditional spend on specific purposes other than those as described in the relevant governing documents.

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

During the period 1 September 2017 to 31 August 2018 total expenditure of £11,240,987 was in excess of grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of expenditure over income for the year (excluding inherited assets and liabilities, restricted fixed asset funds and before pension transfer) was £576,000.

At 31 August 2018 the net book value of fixed assets was £15,662,000. The assets were used exclusively for providing education and associated support to the pupils in the Academies within the Trust.

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted Fund. This resulted in the pension fund showing a deficit of £4,055,000 which has been carried forward to 2018-2019. 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.

### **Reserves Policy**

One of the main financial risks to The Trust is that of managing its short-term cash flow effectively. To mitigate this risk the Board agreed that an appropriate minimum reserves balance would equate to 4 weeks' worth of expenditure, both in terms of salaries and invoices. This has been regularly reviewed and was increased to £800,000 when Hollis Academy joining the Trust in 2016. In addition to the reserves for potential short-term cash flow issues, the Trust has agreed to keep an additional £650,000 making the total reserves balance £1,450,000. The additional funds represent an acceptable working balance to meet unexpected significant cost pressures. It is planned to review the level of reserves during the autumn term of 2018.

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 2018, the value of unrestricted reserves (freely available to the Trust) was £1,159,614. Restricted funds as at 31 August 2018 were £1,026,548 (excluding pension and fixed assets) making the total reserves £2,186,162.



# **Horizons Specialist Academy Trust**

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

### **Investment Policy**

The Trust operates an interest bearing current account with Lloyds bank as approved by the Board of Trustees. Sufficient balances are maintained to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including sufficient contingency for unexpected payments. The Trust will not take out any long-term investments exceeding twelve months. Funds have been placed in multiple, staggered, deposit accounts during the year to maximise interest generation. Due to less favourable interest rates and an attempt to further increase income for the Trust, a 32-day deposit account was also opened, increasing the interest generated.

### **Financial and Risk Management Objectives and Policies**

The Trust has developed a Risk Management Strategy and has a Risk Register that 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 reviewed throughout the year. These detail the framework for financial management, including financial responsibilities of the Board, Chief Executive and budget holders, as well as outlining the authority for spending. The Finance and General Purposes Committee - evaluating performance against budgets and overall expenditure - reviews finances each term.

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

The Trust recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 24 to the financial statements, represents a significant potential liability. However, the Trust considers 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, the Department would meet outstanding local government pension scheme liabilities for Education. The guarantee came into force on 18 July 2013.

### **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 is reviewed on an annual basis at meetings of the Audit Committee and mitigating actions agreed as required. The risk register is reviewed on an annual basis by the Audit Committee and an internal audit and assurance work plan agreed to review the controls in place to mitigate and manage such risks effectively.

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

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

# Horizons Specialist Academy Trust

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

### Fundraising

As well as fundraising events involving the students to benefit other organisations, the Trust seek opportunities to raise funds from recognised charities for the benefit of their students. During the year, the Trust has worked with two external agencies to support them in a number of bids and was successful in securing funding on a number of occasions.

### Plans for Future Periods

HSAT has a three-year strategic plan covering 2017-2020, with specific aims and objectives for the session 2017-2018 and anticipated aims and objectives for 2018-2020. There are five key Strategic Objectives:

#### **Strategic Objective 1: Support and Protect Vulnerable Children**

Our vulnerable children and young people will be protected and supported to succeed. The range of appointed professionals within the Trust will ensure the continuation of an effective and efficient Safeguarding Board. The input from the Trust's appropriately qualified Safeguarding Lead ensures that the Trust will be robust in its application of new legislation, guidance and protocols to support and safeguard children and young people. The Trust's academies will help children and young people develop good mental health and access support when they need it. We will ensure 100% of our pupils/students participate in health and wellbeing programmes. Ofsted's *Personal Development Behaviour and Welfare* grade will be at least *Good* within one year of an academy joining the Trust and *Outstanding* within three years of joining, or at the first Section 5 inspection – whichever is sooner. The programme of Training and Development for Trustees is continually evaluated and updated to ensure 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. Strengthened approaches to recognising and acting upon Student Voice with Early Help procedures will result in our pupils and students reporting that they feel safe in school. All our academies will achieve Rights Respecting school status within one year of joining the Trust.

#### **Strategic Objective 2: Strengthen MAT Infrastructure and Leadership.**

Professional development will be provided as a means to drive continuous improvement at all levels across the Trust. Bespoke training pathways for all professionals will ensure that 100% of teachers are engaged in reflective practice and are able to map out a career progression - resulting in high levels of retention of high-performing teachers within the Trust. The Trust supports the training and development of executive, senior and middle leaders to enable deployment in Quality Assurance, and Support and Challenge roles. There is commitment to incentivising outstanding Trust leaders to take on new challenges, provide school-to-school support and lead sponsored academies. At least two of the Trust's experienced and effective Executive Principals and Principals will gain the National Professional Qualification for Executive leadership (NPQEL), and at least two of the Trust's senior leaders will be qualified trained Ofsted Inspectors, with one being a qualified Lead Ofsted Inspector for Special Schools. In addition, the Trust will have leaders recognised as engaged as Specialist Leaders of Education and National Leaders of Education. The aim is for the Trust to have a Quality Assurance Team of Educational Professionals that can offer a coherent package for school improvement that supports rapid improvement and is also a means of attracting good and outstanding schools to join the Trust.

# Horizons Specialist Academy Trust

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

### **Strategic Objective 3: Ensure Achievement, Raise Attainment and Improve Progression**

Every child and young person will be supported to achieve and be prepared for adult life. The Trust intends to continue to make full use of Academy freedoms to deliver a flexible, creative curriculum that develops vocational pathways, embeds our Forest School Initiative, and realises good outcomes for all students. The Trust aims to build on previous personal bests, with improved progress and outcomes for children and young people. Increasing the range of accreditation on offer in all academies, improving literacy and numeracy as evidenced in Key Stage 2 assessment measures, and Key Stage 4/5 accreditation in English and Maths, is key to ensuring school leavers are actively engaged in the next stage of adult life - which may include being engaged in learning, training or employment. The Trust will ensure at least 'good' evaluations for all its academies, and student and parental questionnaires confirm at least 90% satisfaction rates with the standard of provision.

### **Strategic Objective 4: Support Outstanding Standard of Teaching and Learning**

Every child and young person will receive high-quality education with the aim of their being a successful, motivated learner. The Trust will continue to ensure teaching is exemplary by monitoring quality across the Academies. It aims to ensure there is evidence of - as a minimum - good teaching, learning and assessment, and that expert teachers are outstanding in securing good outcomes for students. Newly Qualified teachers will gain the support required to ensure that good teaching, learning and assessment are embedded within their practice. High-quality professional development and performance management that supports quality feedback, and identifies how to improve where improvement is required, is a key component in raising standards. The establishment of a cross-Trust timetable for moderation of teaching performance will ensure high performing teachers are trained to coach and support others to become consistently good. In addition, one formal Validated Self-Evaluation (VSE) at each Academy undertaken annually, and one formal external verification of the standards every two years, will ensure 100% of pupils/students make at least good progress from individual starting points. Current evaluation of Hollis Academy, the Trust's sponsor academy, indicates that the school is no longer in 'Special Measures' and is continuing on its positive yet challenging journey towards being a Good School. Given the Trust's experience in supporting improvements in a sponsor academy, HSAT will consider the addition of another sponsor academy into the Trust in 2019.

### **Strategic Objective 5: Strategy for Growth Articulated and Supported by Governance structure.**

*Outstanding Leadership and Governance builds capacity for growth and supports our academies.* Governance and Leadership will be strengthened across the Trust, with the aim of Ofsted Leadership and Management Grade being *Outstanding* in all academies within three years of joining or at the first Section 5 inspection – whichever is sooner. The addition of two Members, sourced via Academy Ambassadors, will strengthen accountability for Trustees. The Strategic Board, strengthened by the addition of a Trustee sourced via Academy Ambassadors, working in partnership with the CEO, holds academy Leadership to account and governors accountable for high standards. The Scheme of Delegation updated to reflect the establishment of Academy Councils in geographical areas, will support the expansion of the Trust.

# **Horizons Specialist Academy Trust**

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

Major developments at Westlands have undoubtedly significantly improved its learning environment, and Green Gates has benefitted from the additional tutorial space and the improvements in roofing areas. Increased numbers of pupils and students add further pressures of improving, updating and expanding. Westlands, in particular, would benefit from additional improved facilities for Physical Education and Sports. The Trust is engaging in specific fundraising approaches as a means of providing improved sports facilities at Westlands. Abbey Hill Academy's has expanded numbers at the secondary stage from 215 to 225 students - with projected numbers for 2018-2019 remaining the same. The Trust will fund the provision of two additional classrooms at Abbey Hill Academy to meet the increase in demand for places for students with Autism. In addition, if any Local Authority within the Tees Valley area was establishing a new 'Free School' for students with Autism Spectrum Conditions, the Trust would consider applying to be the approved proprietor of the Free School. The Trust aims to continue to improve the physical condition of each Academy through funding from the ESFA Condition Improvement Fund (CIF) and other funding sources available.

The Strategic Plan will be disseminated more widely to reflect the wide range of services associated with our Academies. Our expansion from three Academies to four has resulted in updated websites and other forms of communication, including marketing materials, to ensure that each Academy's SEN Report is up-to-date and the Trust's 'local offer' is clearly and appropriately articulated for all stakeholders. This will continue where additional academies join the Trust.

The Trust will continue to work with parents to ensure our support for parents and carers and our quality of partnership working merits the standards associated with the *Leading Parent Partnership Award*. In addition, the work of the Academy Councils will bring opportunities for further involvement of parents/carers in the evaluation of Academy provisions in a formal capacity as parent governors.

The Trust intends to continue to provide opportunities for our pupils during holiday periods by providing holiday clubs. Developing flexible staff working patterns will ensure that there is a reduction in the length of holiday breaks for our most vulnerable pupils. In the session 2017/18 more than a third of students at Abbey Hill Academy had access to at least one week of additional support via a holiday club run by Trust staff. Pupils at Green Gates had access to at least 5 days of activities during the summer holiday period in 2018.

Past experience has demonstrated that external confidence in the Trust's ability 'to do more and to do it better' arises when there is firm evidence of success and high standards of performance within the Trust.

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

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Trust are centred on the on-going changes to High Needs Funding, the processes by which the Academies receive their primary source of income from the ESFA 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 Trust's balance sheet.

### **Funds Held as Custodian on Behalf of Others**

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

# **Horizons Specialist Academy Trust**

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

### **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 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 ~~11<sup>th</sup> December 2018~~ and signed on its behalf by:



**M Jones**

**Chair of Trustee**

# Horizons Specialist Academy Trust

## Governance Statement

### Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Trust's Chief Executive, as Accounting Officer, for ensuring financial controls conform to 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 six times during the year and attendance was as follows:

| Trustee             | Meeting attended | Out of a possible |
|---------------------|------------------|-------------------|
| Elizabeth Horne CBE | 6                | 6                 |
| Helen Dyson         | 3                | 6                 |
| Colin Whittaker     | 6                | 6                 |
| Maurice Jones       | 6                | 6                 |
| Linda Laidler       | 6                | 6                 |
| Dr Baxi Sinha       | 4                | 6                 |
| James Bromiley      | 5                | 6                 |
| Sue Richardson      | 4                | 6                 |
| Sian Wilson         | 2                | 2                 |

The annual review of governance took place in the Spring term. The beginning of the session focussed on the impact of the previous year's self-review, and then Trustees considered and evaluated areas including school improvement, people and leadership, risk management, financial sustainability and governance. The outcomes from the session were discussed at length at the subsequent Board meeting and an action plan was prepared to identify those areas highlighted by Trustees for further action. These actions were subsequently reviewed alongside actions already identified in the Trust's Strategic Plan to ensure any identified areas for further development were addressed.

There is a whole host of data utilised by the Board and its Committees throughout the course of its business. As requested by the Board, the way in which data is presented to Trustees, and in particular the Standards Committee, has been further developed and Directors are in agreement that the information provides robust evidence to support their review of and challenge to the academies by both Trustees via the Standards Committee and local governors through the Academy Councils. With regard to the provision of financial information and as requested by Trustees, termly cash flows are provided to the Finance & General Purposes Committee.

# Horizons Specialist Academy Trust

## Governance Statement (continued)

The Board's succession planning model is firmly embedded and opportunities to chair the Board, Committees and Academy Councils continue to be reviewed on an annual basis in the autumn term. Committee membership is also reviewed annually and Trustees ensure their skills are utilised to bring challenge and support. There are four Link Trustee positions that support Trustees in gaining a deeper understanding of the academies. The Link Trustees ensure the information they obtain during visits is triangulated with the information and data coming through the Standards Committee and also two of the Link Trustees are also members of the two Academy Councils which then offers a further layer of information from Academy Principals.

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, and to ensure the sound management of the Trust's finances, staffing and resources, including proper planning, monitoring and probity. During the year, alongside the continued robust monitoring of the Trust's budget, the Committee have reviewed, consulted upon and subsequently recommended closure of the Trust's Residential Provision to the DfE, resulting in closure with effect from 31 March 2018, approved CIF bids to the DfE and received updates on the implementation of the successful bid; considered and approved policy documents, including the Trust's Finance Policy and a whole host of General Data Protection Regulation policies, continued on the drive to improve Trust buildings and fulfilled their Pay Review function with regard to teachers, senior leaders and the CEO. Attendance during the year at meetings of the Finance and General Purposes Committee was as follows:

| Trustee             | Meetings attended | Out of a possible |
|---------------------|-------------------|-------------------|
| Elizabeth Horne CBE | 5                 | 5                 |
| Maurice Jones       | 5                 | 5                 |
| Linda Laidler       | 4                 | 5                 |
| Colin Whittaker     | 5                 | 5                 |
| Dr Baxi Sinha       | 3                 | 5                 |

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

| Trustee       | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| Linda Laidler | 3                 | 3                 |
| Helen Dyson   | 2                 | 3                 |

### Review of Value for Money

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data, where available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

# Horizons Specialist Academy Trust

## Governance Statement (continued)

### Improving Educational Outcomes

During the year, the Trust ensured educational outcomes improved for students by achieving the following:

- Offering a diverse curriculum ensuring all students have had the opportunity to raise their individual levels of attainment.
- Students accessed specialist equipment, provision of vocational opportunities and work experience, and where appropriate, procuring off-site provision.
- Access to after school and Saturday clubs run throughout the year providing students with further opportunities to develop and learn. Support Staff were carefully deployed during term time ensuring maximum flexibility for staff with minimal additional cost.
- Regular and robust training and development underpinned the appraisal process and staff continued to be encouraged and supported in their personal professional development. The Professional Learning Lead for the Trust planned programmes across all academies ensuring best value in terms of economies of scale in relation to the cost of professional development opportunities.
- The appointment of Specialist Leaders in Education further supported the implementation of learning and teaching whilst generating a modest amount of revenue for the Trust.
- Two members of staff accessed training as OFSTED inspectors increasing future income generation alongside improved knowledge.
- The Chief Executive continued to sit on the Head Teachers Board generating additional income for the Trust as well as providing a valuable contribution to the Regional Schools Commissioner.

### Financial Performance

With increasing budget pressures, the Trust strives to focus on value for money appreciating the value of assets and how they can increase our students' rate of progress. During the year, the following was achieved:

- Staffing costs were reviewed and the need for specific posts was challenged when vacancies arose, ensuring savings were identified where possible. As a result, a number of support staff posts were advertised at different grades or newly-defined posts - resulting in cost savings.
- Also, some staff now work across multiple sites providing costs savings and opportunities for staff development.
- A business case to the DfE resulted in the closure of the residential provision at the end of 2017/2018. Whilst this was a difficult decision for Directors, the continued shortfall in funding and need for major investment did not represent value for money for the students.
- The Trust continues to employ specialist staff such as a Speech & Language Therapist and Educational Psychologist - ensuring qualified, enthusiastic professionals were in place to benefit all academies within the Trust.
- A centralised accounts function continues to provide a cost-effective service.
- Major investment in ICT from Trust reserves was made during the year. Effective procurement and use of frameworks ensured value for money was obtained.
- Sharing assets across the Trust has ensured more efficient use of resources, resulting in saving money and giving maximum return for the Trust. Over the year, in addition to staffing, this has included sharing resources, vehicles and utilising vacant rooms.



# Horizons Specialist Academy Trust

## Governance Statement (continued)

- We continue to apply for CIF bids and were successful with a Healthy Pupil Capital Fund (HPCF) bid for Abbey Hill Academy and received £42,162 for outdoor play equipment.

All staff with budget responsibility, regardless of the amounts involved, were supported and encouraged to achieve value for money from the finance team. The Finance Policy continues to be regularly reviewed and clearly outlines ways to ensure the integrity of public funds and how they can be maintained by following the principles of probity, accountability and fairness.

- The Trust continues to benchmark its costs against similar organisations to identify potential areas for savings. High-level information from published annual accounts for other Trusts has been reviewed and compared with our data, along with benchmarking reports provided by our external partners, to aid us in this process.

### The Purpose of the System of Internal Control

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

### Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal, on-going, process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period commencing with trading on 1 September 2017 and ending 31 August 2018, and up to the date of approval of the annual report and financial statements. The Board of Trustees regularly reviews this process.

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; and
- identification and management of risks.

### Review of Effectiveness

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

- the work of internal assurance:

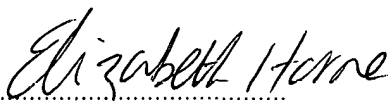
# Horizons Specialist Academy Trust

## Governance Statement (continued)


- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 11<sup>th</sup> December 2018 and signed on its behalf by:



E A Horne CBE  
Accounting officer  
Trustee



M D Jones  
Trustee

## Horizons Specialist Academy Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Horizons Specialist Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



E A Home CBE  
Accounting officer

Date: 11<sup>th</sup> December 2018

# Horizons Specialist Academy Trust

## Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

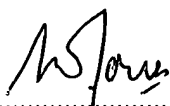
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Board on 11/12/18 and signed on its behalf by:



M D Jones  
Trustee

# **Horizons Specialist Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Members of Horizons Specialist Academy Trust**

### **Opinion**

We have audited the financial statements of Horizons Specialist Academy Trust (the 'Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

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

# **Horizons Specialist Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Members of Horizons Specialist Academy Trust (continued)**

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 26, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Horizons Specialist Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Horizons Specialist Academy Trust (continued)**

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

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

## Horizons Specialist Academy Trust

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

#### Use of our report

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



Brian Laidlaw BA CA (Senior Statutory Auditor)  
For and on behalf of Tait Walker LLP,  
Chartered Accountants and Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 17th December 2018



## **Horizons Specialist Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Horizons Specialist Academy Trust and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 1 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Horizons Specialist Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

#### **Respective responsibilities of the Horizons Specialist Academy Trust Accounting Officer and the Reporting Accountant**

The Accounting Officer is responsible, under the requirements of the Horizons Specialist Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2015 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of senior management and directors of the Academy Trust;
- Inspection and review of the accounting records, meeting minutes, internal control procedures;
- Obtaining and reviewing management representations and declarations of interest; and
- Observation and re-performance of financial controls.

## Horizons Specialist Academy Trust

### Independent Reporting Accountant's Report on Regularity to Horizons Specialist Academy Trust and the Education & Skills Funding Agency (continued)

#### Conclusion

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

This report is made solely to Horizons Specialist Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Horizons Specialist Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Horizons Specialist Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

*Tait Walker LLP*

Tait Walker LLP  
Chartered Accountants  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: *17th December 2018*

# Horizons Specialist Academy Trust

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

|   | Note | Unrestricted<br>Funds<br>£ 000 | Restricted<br>General<br>Funds<br>£ 000 | Restricted<br>Fixed Asset<br>Funds<br>£ 000 | Total<br>2018<br>£ 000 |
|---|------|--------------------------------|---|---|------------------------|
| <b>Income and endowments from:</b>                        |      |                                |   |   |                        |
| Voluntary income  |      |                                |   |   |                        |
| Donations and capital grants                              | 2    | 2                              | -                                       | 599   | 601                    |
| <i>Charitable activities:</i>                             |      |                                |   |   |                        |
| Funding for the Academy trust's educational operations    | 3    | 10                             | 10,015                                  | -   | 10,025                 |
| Other trading activities                                  | 4    | 96                             | 60                                      | -   | 156                    |
| Investments   | 5    | 11                             | -                                       | -   | 11                     |
| Total   |      | 119                            | 10,075                                  | 599   | 10,793                 |
| <b>Expenditure on:</b>                                    |      |                                |   |   |                        |
| Raising funds   | 6    | -                              | 19                                      | -   | 19                     |
| <i>Charitable activities:</i>                             |      |                                |   |   |                        |
| Academy trust educational operations                      | 7    | 80                             | 10,671                                  | 470   | 11,221                 |
| Total   |      | 80                             | 10,690                                  | 470   | 11,240                 |
| Net income/(expenditure)                                  |      | 39                             | (615)                                   | 129   | (447)                  |
| Transfers between funds                                   |      | -                              | (324)                                   | 324   | -                      |
| <b>Other recognised gains and losses</b>                  |      |                                |   |   |                        |
| Actuarial gains on defined benefit pension schemes        | 24   | -                              | 1,250                                   | -   | 1,250                  |
| Net movement in funds                                     |      | 39                             | 311                                     | 453   | 803                    |
| <b>Reconciliation of funds</b>                            |      |                                |   |   |                        |
| Total funds/(deficit) brought forward at 1 September 2017 |      | 1,123                          | (3,342)                                 | 15,210                                      | 12,991                 |
| Total funds/(deficit) carried forward at 31 August 2018   |      | 1,162                          | (3,031)                                 | 15,663                                      | 13,794                 |

# Horizons Specialist Academy Trust

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

|   | Note | Unrestricted<br>Funds<br>£ 000 | Restricted<br>General<br>Funds<br>£ 000 | Restricted<br>Fixed Asset<br>Funds<br>£ 000 | Total<br>2017<br>£ 000 |
|---|------|--------------------------------|---|---|------------------------|
| <b>Income and endowments from:</b>                        |      |                                |   |   |                        |
| Voluntary income  |      |                                |   |   |                        |
| Donations and capital grants                              | 2    | 17                             | -                                       | 328   | 345                    |
| Transfer from local authority on conversion               |      | 161                            | (645)                                   | 7,029                                       | 6,545                  |
| <i>Charitable activities:</i>                             |      |                                |   |   |                        |
| Funding for the Academy trust's educational operations    | 3    | 52                             | 9,919                                   | -   | 9,971                  |
| Other trading activities                                  | 4    | 51                             | 65                                      | -   | 116                    |
| Investments   | 5    | 12                             | -                                       | -   | 12                     |
| <b>Total</b>  |      | <b>293</b>                     | <b>9,339</b>                            | <b>7,357</b>                                | <b>16,989</b>          |
| <b>Expenditure on:</b>                                    |      |                                |   |   |                        |
| Raising funds   | 6    | -                              | 19                                      | -   | 19                     |
| <i>Charitable activities:</i>                             |      |                                |   |   |                        |
| Academy trust educational operations                      | 7    | 63                             | 10,642                                  | 431   | 11,136                 |
| <b>Total</b>  |      | <b>63</b>                      | <b>10,661</b>                           | <b>431</b>                                  | <b>11,155</b>          |
| Net income/(expenditure)                                  |      | 230                            | (1,322)                                 | 6,926                                       | 5,834                  |
| Transfers between funds                                   |      | -                              | 67                                      | (67)  | -                      |
| <b>Other recognised gains and losses</b>                  |      |                                |   |   |                        |
| Actuarial gains on defined benefit pension schemes        | 24   | -                              | 3,431                                   | -   | 3,431                  |
| Net movement in funds                                     |      | 230                            | 2,176                                   | 6,859                                       | 9,265                  |
| <b>Reconciliation of funds</b>                            |      |                                |   |   |                        |
| Total funds/(deficit) brought forward at 1 September 2016 |      | 893                            | (5,518)                                 | 8,351                                       | 3,726                  |
| Total funds/(deficit) carried forward at 31 August 2017   |      | 1,123                          | (3,342)                                 | 15,210                                      | 12,991                 |

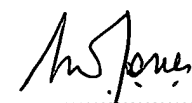
# Horizons Specialist Academy Trust

(Registration number: 08608287)  
Balance Sheet as at 31 August 2018

|  | Note | 2018<br>£ 000  | 2017<br>£ 000  |
|--|------|----------------|----------------|
| <b>Fixed assets</b>                            |      |                |                |
| Tangible assets                                | 12   | 15,663         | 15,210         |
| <b>Current assets</b>                          |      |                |                |
| Stocks   | 13   | 5              | 5              |
| Debtors  | 14   | 576            | 207            |
| Cash at bank and in hand                       |      | <u>2,504</u>   | <u>3,064</u>   |
|  |      | 3,085          | 3,276          |
| Creditors: Amounts falling due within one year | 15   | <u>(899)</u>   | <u>(747)</u>   |
| Net current assets                             |      | <u>2,186</u>   | <u>2,529</u>   |
| Total assets less current liabilities          |      | <u>17,849</u>  | <u>17,739</u>  |
| Net assets excluding pension liability         |      | 17,849         | 17,739         |
| Pension scheme liability                       | 24   | <u>(4,055)</u> | <u>(4,748)</u> |
| Net assets including pension liability         |      | <u>13,794</u>  | <u>12,991</u>  |
| <b>Funds of the Academy:</b>                   |      |                |                |
| <b>Restricted funds</b>                        |      |                |                |
| Restricted income fund                         | 16   | 1,024          | 1,406          |
| Restricted fixed asset fund                    | 16   | 15,663         | 15,210         |
| Restricted pension fund                        | 16   | <u>(4,055)</u> | <u>(4,748)</u> |
|  |      | 12,632         | 11,868         |
| <b>Unrestricted funds</b>                      |      |                |                |
| Unrestricted income fund                       | 16   | <u>1,162</u>   | <u>1,123</u>   |
| Total funds                                    |      | <u>13,794</u>  | <u>12,991</u>  |

The financial statements on pages 33 to 64 were approved by the Trustees, and authorised for issue on 11.12.18... and signed on their behalf by:

  
E A Horne CBE  
Trustee

  
M D Jones  
Trustee

# Horizons Specialist Academy Trust

(Registration number: 08608287)

## Balance Sheet as at 31 August 2018

|  | Note | 2018<br>£ 000        | 2017<br>£ 000        |
|--|------|----------------------|----------------------|
| <b>Fixed assets</b>                            |      |                      |                      |
| Tangible assets                                | 12   | 15,663               | 15,210               |
| <b>Current assets</b>                          |      |                      |                      |
| Stocks   | 13   | 5                    | 5                    |
| Debtors  | 14   | 576                  | 207                  |
| Cash at bank and in hand                       |      | <u>2,504</u>         | <u>3,064</u>         |
|  |      | 3,085                | 3,276                |
| Creditors: Amounts falling due within one year | 15   | <u>(899)</u>         | <u>(747)</u>         |
| Net current assets                             |      | <u>2,186</u>         | <u>2,529</u>         |
| Total assets less current liabilities          |      | <u>17,849</u>        | <u>17,739</u>        |
| Net assets excluding pension liability         |      | 17,849               | 17,739               |
| Pension scheme liability                       | 24   | <u>(4,055)</u>       | <u>(4,748)</u>       |
| Net assets including pension liability         |      | <u><u>13,794</u></u> | <u><u>12,991</u></u> |
| <b>Funds of the Academy:</b>                   |      |                      |                      |
| <b>Restricted funds</b>                        |      |                      |                      |
| Restricted income fund                         | 16   | 1,024                | 1,406                |
| Restricted fixed asset fund                    | 16   | 15,663               | 15,210               |
| Restricted pension fund                        | 16   | <u>(4,055)</u>       | <u>(4,748)</u>       |
|  |      | 12,632               | 11,868               |
| <b>Unrestricted funds</b>                      |      |                      |                      |
| Unrestricted income fund                       | 16   | <u>1,162</u>         | <u>1,123</u>         |
| Total funds                                    |      | <u><u>13,794</u></u> | <u><u>12,991</u></u> |

The financial statements on pages 33 to 64 were approved by the Trustees, and authorised for issue on ..... and signed on their behalf by:

.....  
E A Horne CBE  
Trustee

.....  
M D Jones  
Trustee

# Horizons Specialist Academy Trust

## Statement of Cash Flows for the Year Ended 31 August 2018

|   | Note | 2018<br>£ 000       | 2017<br>£ 000       |
|---|------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>         |      |                     |                     |
| Net cash provided by (used in) operating activities | 20   | (247)               | 428                 |
| Cash flows from investing activities                | 21   | <u>(313)</u>        | <u>48</u>           |
| Change in cash and cash equivalents in the year     |      | (560)               | 476                 |
| Cash and cash equivalents at 1 September            |      | <u>3,064</u>        | <u>2,588</u>        |
| Cash and cash equivalents at 31 August              | 22   | <u><u>2,504</u></u> | <u><u>3,064</u></u> |

# **Horizons Specialist Academy Trust**

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

### **1 Accounting policies**

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

#### **Basis of preparation**

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

These financial statements are prepared in sterling which is the functional currency of the entity.

#### **Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

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

#### **Grants 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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



# **Horizons Specialist Academy Trust**

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

### **1 Accounting policies (continued)**

#### ***Donations***

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

#### ***Other income***

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

#### ***Investment income***

Interest receivable is included in the statement of financial activities on an accrual basis.

#### ***Expenditure***

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### ***Expenditure on raising funds***

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

#### ***Charitable activities***

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

# Horizons Specialist Academy Trust

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

### 1 Accounting policies (continued)

#### Tangible fixed assets

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

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

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

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

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

| <b>Asset class</b>           | <b>Depreciation method and rate</b> |
|------------------------------|-------------------------------------|
| Computer Hardware            | 3 years straight line               |
| Furniture & Equipment        | 7 years straight line               |
| Motor Vehicles               | 7 years straight line               |
| Leasehold Land and Buildings | 50 years straight line              |

#### Liabilities

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

#### Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

# **Horizons Specialist Academy Trust**

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

### **1 Accounting policies (continued)**

#### **Leased assets**

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

#### **Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

#### **Stock**

Unsold uniforms and catering 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 Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# **Horizons Specialist Academy Trust**

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

### **1 Accounting policies (continued)**

#### **Pension benefits**

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

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

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

#### **Fund accounting**

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

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

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

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

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

# Horizons Specialist Academy Trust

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

### 1 Accounting policies (continued)

#### *Critical accounting estimates and assumptions*

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

#### Defined Benefit Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Depreciation

The company has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £470,000 (2017 - £431,000).

#### *Critical areas of judgement*

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### Assessing indicator of impairment.

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

# Horizons Specialist Academy Trust

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

### 2 Donations and capital grants

|                               | Unrestricted<br>funds<br>£ 000 | Restricted<br>fixed asset<br>funds<br>£ 000 | Total<br>2018<br>£ 000 | Total<br>2017<br>£ 000 |
|-------------------------------|--------------------------------|---|------------------------|------------------------|
| <b>Other voluntary income</b> |                                |   |                        |                        |
| Capital grants                | -                              | 599   | 599                    | 328                    |
| Other donations               | 2                              | -   | 2                      | 17                     |
|                               | <u>2</u>                       | <u>599</u>                                  | <u>601</u>             | <u>345</u>             |
|                               |                                |   |                        |                        |
|                               | Unrestricted<br>funds<br>£ 000 | Restricted<br>fixed asset<br>funds<br>£ 000 | Total<br>2017<br>£ 000 |                        |
| Total 2017                    | <u>17</u>                      | <u>328</u>                                  | <u>345</u>             |                        |

# Horizons Specialist Academy Trust

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

### 3 Funding for the Academy Trust's educational operations

|   | Unrestricted<br>funds<br>£ 000          | Restricted<br>funds<br>£ 000          | Total<br>2018<br>£ 000          | Total<br>2017<br>£ 000 |
|---|---|---------------------------------------|---------------------------------|------------------------|
| <b>DfE/ESFA revenue grants</b>                              |   |                                       |                                 |                        |
| General Annual Grant GAG                                    | -                                       | 5,234                                 | 5,234                           | 5,456                  |
| Other ESFA Group grants                                     | -                                       | 360                                   | 360                             | 301                    |
|   | -                                       | 5,594                                 | 5,594                           | 5,757                  |
| <b>Other government grants</b>                              |   |                                       |                                 |                        |
| Local authority grants                                      | -                                       | 4,394                                 | 4,394                           | 4,151                  |
| Special educational projects                                | -                                       | -                                     | -                               | 11                     |
|   | -                                       | 4,394                                 | 4,394                           | 4,162                  |
| <b>Non-government grants and other income</b>               |   |                                       |                                 |                        |
| Other income from the academy trusts educational operations | 10                                      | 27                                    | 37                              | 52                     |
| Total grants  | 10                                      | 10,015                                | 10,025                          | 9,971                  |
|   | <b>Unrestricted<br/>funds<br/>£ 000</b> | <b>Restricted<br/>funds<br/>£ 000</b> | <b>Total<br/>2017<br/>£ 000</b> |                        |
| Total 2017  | 52                                      | 9,919                                 | 9,971                           |                        |

# Horizons Specialist Academy Trust

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

### 4 Other trading activities

|                    | Unrestricted<br>funds<br>£ 000 | Restricted<br>funds<br>£ 000 | Total<br>2018<br>£ 000 | Total<br>2017<br>£ 000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | -                              | -                            | -                      | 6                      |
| Catering income    | 43                             | -                            | 43                     | 42                     |
| Other sales        | 43                             | 60                           | 103                    | 61                     |
| School fund        | 10                             | -                            | 10                     | 7                      |
|                    | <u>96</u>                      | <u>60</u>                    | <u>156</u>             | <u>116</u>             |
|                    | Unrestricted<br>funds<br>£ 000 | Restricted<br>funds<br>£ 000 | Total<br>2017<br>£ 000 |                        |
| Total 2017         | <u>51</u>                      | <u>65</u>                    | <u>116</u>             |                        |

### 5. Investment income

|                     | Unrestricted<br>funds<br>£ 000 | Total<br>2018<br>£ 000 | Total<br>2017<br>£ 000 |
|---------------------|--------------------------------|------------------------|------------------------|
| Short term deposits | <u>11</u>                      | <u>11</u>              | <u>12</u>              |
|                     | Unrestricted<br>funds<br>£ 000 | Total<br>2017<br>£ 000 |                        |
| Total 2017          | <u>12</u>                      | <u>12</u>              |                        |



# Horizons Specialist Academy Trust

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

### 6 Expenditure

|   | Non Pay Expenditure  |                   |                      | Total<br>2018<br>£ 000 | Total<br>2017<br>£ 000 |
|---|----------------------|-------------------|----------------------|------------------------|------------------------|
|   | Staff costs<br>£ 000 | Premises<br>£ 000 | Other costs<br>£ 000 |                        |                        |
| Expenditure on raising funds            | -                    | -                 | 19                   | 19                     | 19                     |
| <b>Academy's educational operations</b> |                      |                   |                      |                        |                        |
| Direct costs                            | 7,314                | -                 | 659                  | 7,973                  | 7,509                  |
| Allocated support costs                 | 1,938                | 854               | 456                  | 3,248                  | 3,627                  |
|   | <u>9,252</u>         | <u>854</u>        | <u>1,134</u>         | <u>11,240</u>          | <u>11,155</u>          |

|            | Non Pay Expenditure  |                   |                      | Total<br>2017<br>£ 000 |
|------------|----------------------|-------------------|----------------------|------------------------|
|            | Staff costs<br>£ 000 | Premises<br>£ 000 | Other costs<br>£ 000 |                        |
| Total 2017 | <u>9,061</u>         | <u>812</u>        | <u>1,282</u>         | <u>11,155</u>          |

Net income/(expenditure) for the year includes:

|  | 2018<br>£ 000 | 2017<br>£ 000 |
|--|---------------|---------------|
| Operating lease rentals                        | 8             | 17            |
| Depreciation                                   | 470           | 431           |
| Fees payable to auditor - audit                | 7             | 13            |
| Fees payable to auditor - other audit services | <u>3</u>      | <u>3</u>      |

# Horizons Specialist Academy Trust

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

### 7 Charitable activities

|  |                               | 2018<br>£ 000 | 2017<br>£ 000 |
|--|-------------------------------|---------------|---------------|
| Direct costs - educational operations  |                               | 7,973         | 7,509         |
| Support costs - educational operations |                               | 3,248         | 3,627         |
|  |                               | <u>11,221</u> | <u>11,136</u> |
|  | <b>Educational operations</b> | <b>2018</b>   | <b>- 2017</b> |
|  | <b>£ 000</b>                  | <b>£ 000</b>  | <b>£ 000</b>  |
| <b>Analysis of support costs</b>       |                               |               |               |
| Support staff costs                    | 1,938                         | 1,938         | 1,990         |
| Depreciation                           | 470                           | 470           | 431           |
| Premises costs                         | 384                           | 384           | 381           |
| Other support costs                    | 405                           | 405           | 780           |
| Governance costs                       | 51                            | 51            | 45            |
| Total support costs                    | <u>3,248</u>                  | <u>3,248</u>  | <u>3,627</u>  |

# Horizons Specialist Academy Trust

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

### 8 Staff

#### Staff costs

|  | 2018<br>£ 000         | 2017<br>£ 000         |
|--|-----------------------|-----------------------|
| <b>Staff costs during the year were:</b>           |                       |                       |
| Wages and salaries                                 | 6,649                 | 6,514                 |
| Social security costs                              | 619                   | 603                   |
| Operating costs of defined benefit pension schemes | 1,556                 | 1,553                 |
|  | <u>8,824</u>          | <u>8,670</u>          |
| Supply staff costs                                 | 358                   | 370                   |
| Staff restructuring costs                          | 70                    | 21                    |
|  | <u>9,252</u>          | <u>9,061</u>          |
|  | <b>2018<br/>£ 000</b> | <b>2017<br/>£ 000</b> |
| <b>Staff restructuring costs comprise:</b>         |                       |                       |
| Redundancy payments                                | -                     | 3                     |
| Severance payments                                 | 70                    | 18                    |
|  | <u>70</u>             | <u>21</u>             |

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,000 (2017: £1,200). Individually, the payments were:

Non-contractual payments £6,000

#### Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

|                                  | 2018<br>No. | 2017<br>No. |
|----------------------------------|-------------|-------------|
| <b>Charitable Activities</b>     |             |             |
| Teachers and teaching assistants | 157         | 158         |
| Administration and support       | 115         | 119         |
| Management                       | 8           | 8           |
|                                  | <u>280</u>  | <u>285</u>  |

# Horizons Specialist Academy Trust

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

### 8 Staff (continued)

#### Higher paid staff

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

|                     | 2018<br>No. | 2017<br>No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000   | 3           | 3           |
| £70,001 - £80,000   | 1           | 1           |
| £80,001 - £90,000   | 2           | 1           |
| £110,001 - £120,000 | -           | 1           |
| £120,001 - £130,000 | 1           | -           |

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £737,928 (2017 - £722,707).

### 9 Central services

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

- Finance;
- HR;
- ICT;
- Health & Safety; and
- Safeguarding.

The Academy Trust charges for these services on the following basis:

- On the individual needs and size of the academy.

The actual amounts charged during the year were as follows:

|             | 2018<br>£ 000 | 2017<br>£ 000 |
|-------------|---------------|---------------|
| Abbey Hill  | 344           | 334           |
| Westlands   | 93            | 49            |
| Green Gates | 60            | -             |
| Hollis      | 109           | 197           |
|             | <u>606</u>    | <u>580</u>    |

# **Horizons Specialist Academy Trust**

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

### **10 Related party transactions - Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows:

E A Horne CBE (Chief Executive):

Remuneration: £120,000 - £125,000 (2017 - £115,000 - £120,000)

Employer's pension contributions: £20,000 - £25,000 (2017 - £15,000 - £20,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £520 (2017 - £Nil) were reimbursed or paid directly to 1 Trustees (2017 - 0).

Other related party transactions involving the Trustees are set out in note 26.

### **11 Trustees' and officers' insurance**

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

# Horizons Specialist Academy Trust

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

### 12 Tangible fixed assets

|                       | Leasehold<br>land<br>and<br>building<br>£ 000 | Furniture<br>and<br>equipment<br>£ 000 | Motor<br>vehicles<br>£ 000 | Computer<br>equipment<br>£ 000 | Plant<br>and<br>equipment<br>£ 000 | Assets<br>under<br>construction<br>£ 000 | Total<br>£ 000 |
|-----------------------|---|--|----------------------------|--------------------------------|------------------------------------|--|----------------|
| <b>Cost</b>           |   |  |                            |                                |                                    |  |                |
| At 1 September 2017   | 15,409  | 151                                    | 111                        | 357                            | 116                                | 163                                      | 16,307         |
| Additions             | 10  | 27                                     | 17                         | 179                            | 3                                  | 687                                      | 923            |
| Transfers             | 123   | -                                      | -                          | -                              | 40                                 | (163)                                    | -              |
| At 31 August 2018     | <u>15,542</u>                                 | <u>178</u>                             | <u>128</u>                 | <u>536</u>                     | <u>159</u>                         | <u>687</u>                               | <u>17,230</u>  |
| <b>Depreciation</b>   |   |  |                            |                                |                                    |  |                |
| At 1 September 2017   | 757   | 66                                     | 57                         | 200                            | 17                                 | -  | 1,097          |
| Charge for the year   | 309   | 29                                     | 16                         | 99                             | 17                                 | -  | 470            |
| At 31 August 2018     | <u>1,066</u>                                  | <u>95</u>                              | <u>73</u>                  | <u>299</u>                     | <u>34</u>                          | <u>-</u>                                 | <u>1,567</u>   |
| <b>Net book value</b> |   |  |                            |                                |                                    |  |                |
| At 31 August 2018     | <u>14,476</u>                                 | <u>83</u>                              | <u>55</u>                  | <u>237</u>                     | <u>125</u>                         | <u>687</u>                               | <u>15,663</u>  |
| At 31 August 2017     | <u>14,652</u>                                 | <u>85</u>                              | <u>54</u>                  | <u>157</u>                     | <u>99</u>                          | <u>163</u>                               | <u>15,210</u>  |

### 13 Stock

|       | 2018<br>£ 000 | 2017<br>£ 000 |
|-------|---------------|---------------|
| Stock | <u>5</u>      | <u>5</u>      |

### 14 Debtors

|                                | 2018<br>£ 000 | 2017<br>£ 000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | -             | 18            |
| VAT recoverable                | 134           | 36            |
| Prepayments and accrued income | 82            | 153           |
| Accrued grant and other income | 360           | -             |
|                                | <u>576</u>    | <u>207</u>    |

### 15 Creditors: amounts falling due within one year

## Horizons Specialist Academy Trust

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

#### 15 Creditors: amounts falling due within one year (continued)

|  | 2018<br>£ 000 | 2017<br>£ 000 |
|--|---------------|---------------|
| Trade creditors                        | 482           | 169           |
| Other taxation and social security     | 155           | 155           |
| Other creditors                        | -             | 75            |
| Accruals                               | 128           | 219           |
| Deferred income                        | 8             | 8             |
| Pension scheme creditor                | 126           | 121           |
|  | <u>899</u>    | <u>747</u>    |
|  | 2018<br>£ 000 | 2017<br>£ 000 |
| <b>Deferred income</b>                 |               |               |
| Deferred income at 1 September 2017    | 8             | 2             |
| Resources deferred in the period       | 8             | 8             |
| Amounts released from previous periods | <u>(8)</u>    | <u>(2)</u>    |
| Deferred income at 31 August 2018      | <u>8</u>      | <u>8</u>      |

Deferred income was held in respect of Tutor Fund Income, St James' Place Grant and SBG Income.

# Horizons Specialist Academy Trust

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

### 16 Funds

|                                     | Balance at<br>1<br>September<br>2017<br>£ 000 | Incoming<br>resources<br>£ 000 | Resources<br>expended<br>£ 000 | Gains,<br>losses<br>and<br>transfers<br>£ 000 | Balance at<br>31 August<br>2018<br>£ 000 |
|-------------------------------------|---|--------------------------------|--------------------------------|---|--|
| <b>Restricted general funds</b>     |   |                                |                                |   |  |
| General Annual Grant (GAG)          | 1,406   | 5,234                          | (5,292)                        | (324)   | 1,024                                    |
| Other DfE/EFA                       | -   | 359                            | (359)                          | -   | -  |
| Other grants                        | -   | 4,483                          | (4,483)                        | -   | -  |
|                                     | <u>1,406</u>                                  | <u>10,076</u>                  | <u>(10,134)</u>                | <u>(324)</u>                                  | <u>1,024</u>                             |
| <b>Restricted fixed asset funds</b> |   |                                |                                |   |  |
| Transfer on conversion              | 12,904  | -                              | -                              | -   | 12,904                                   |
| DfE/ESFA capital grants             | 2,036   | 599                            | (470)                          | -   | 2,165                                    |
| Capital expenditure from GAG        | 270   | -                              | -                              | 324   | 594                                      |
|                                     | <u>15,210</u>                                 | <u>599</u>                     | <u>(470)</u>                   | <u>324</u>                                    | <u>15,663</u>                            |
| <b>Restricted pension funds</b>     |   |                                |                                |   |  |
| Pension reserve                     | <u>(4,748)</u>                                | <u>-</u>                       | <u>(557)</u>                   | <u>1,250</u>                                  | <u>(4,055)</u>                           |
| Total restricted funds              | 11,868  | 10,675                         | (11,161)                       | 1,250   | 12,632                                   |
| Total unrestricted funds            | <u>1,123</u>                                  | <u>119</u>                     | <u>(80)</u>                    | <u>-</u>                                      | <u>1,162</u>                             |
| Total funds                         | <u><u>12,991</u></u>                          | <u><u>10,794</u></u>           | <u><u>(11,241)</u></u>         | <u><u>1,250</u></u>                           | <u><u>13,794</u></u>                     |



# Horizons Specialist Academy Trust

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

### 16 Funds (continued)

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

|                                     | Balance at<br>1<br>September<br>2016<br>£ 000 | Incoming<br>resources<br>£ 000 | Resources<br>expended<br>£ 000 | Gains,<br>losses<br>and<br>transfers<br>£ 000 | Balance at<br>31 August<br>2017<br>£ 000 |
|-------------------------------------|---|--------------------------------|--------------------------------|---|--|
| <b>Restricted general funds</b>     |   |                                |                                |   |  |
| General Annual Grant (GAG)          | 1,140   | 5,456                          | (5,257)                        | 67  | 1,406                                    |
| Sponsor grant                       | 117   | -                              | (117)                          | -   | -  |
| Other DfE/EFA                       | -   | 301                            | (301)                          | -   | -  |
| Other grants                        | -   | 4,227                          | (4,227)                        | -   | -  |
|                                     | <u>1,257</u>                                  | <u>9,984</u>                   | <u>(9,902)</u>                 | <u>67</u>                                     | <u>1,406</u>                             |
| <b>Restricted fixed asset funds</b> |   |                                |                                |   |  |
| Transfer on conversion              | 6,256   | 7,030                          | (382)                          | -   | 12,904                                   |
| DfE/ESFA capital grants             | 1,758   | 327                            | (49)                           | -   | 2,036                                    |
| Capital expenditure from GAG        | 337   | -                              | -                              | (67)  | 270                                      |
|                                     | <u>8,351</u>                                  | <u>7,357</u>                   | <u>(431)</u>                   | <u>(67)</u>                                   | <u>15,210</u>                            |
| <b>Restricted pension funds</b>     |   |                                |                                |   |  |
| Pension reserve                     | <u>(6,775)</u>                                | <u>(645)</u>                   | <u>(759)</u>                   | <u>3,431</u>                                  | <u>(4,748)</u>                           |
| Total restricted funds              | 2,833   | 16,696                         | (11,092)                       | 3,431   | 11,868                                   |
| Total unrestricted funds            | <u>893</u>                                    | <u>293</u>                     | <u>(63)</u>                    | <u>-</u>                                      | <u>1,123</u>                             |
| Total funds                         | <u><u>3,726</u></u>                           | <u><u>16,989</u></u>           | <u><u>(11,155)</u></u>         | <u><u>3,431</u></u>                           | <u><u>12,991</u></u>                     |

# Horizons Specialist Academy Trust

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

### 16 Funds (continued)

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

|                                     | Balance at<br>1<br>September<br>2016<br>£ 000 | Incoming<br>resources<br>£ 000 | Resources<br>expended<br>£ 000 | Gains,<br>losses<br>and<br>transfers<br>£ 000 | Balance at<br>31 August<br>2018<br>£ 000 |
|-------------------------------------|---|--------------------------------|--------------------------------|---|--|
| <b>Restricted general funds</b>     |   |                                |                                |   |  |
| General Annual Grant (GAG)          | 1,140   | 10,690                         | (10,549)                       | (257)   | 1,024                                    |
| Sponsor grant                       | 117   | -                              | (117)                          | -   | -  |
| Other DfE/EFA                       | -   | 660                            | (660)                          | -   | -  |
| Other grants                        | -   | 8,710                          | (8,710)                        | -   | -  |
|                                     | <u>1,257</u>                                  | <u>20,060</u>                  | <u>(20,036)</u>                | <u>(257)</u>                                  | <u>1,024</u>                             |
| <b>Restricted fixed asset funds</b> |   |                                |                                |   |  |
| Transfer on conversion              | 6,256   | 7,030                          | (382)                          | -   | 12,904                                   |
| DfE/ESFA capital grants             | 1,758   | 926                            | (519)                          | -   | 2,165                                    |
| Capital expenditure from GAG        | <u>337</u>                                    | <u>-</u>                       | <u>-</u>                       | <u>257</u>                                    | <u>594</u>                               |
|                                     | 8,351   | 7,956                          | (901)                          | 257   | 15,663                                   |
| <b>Restricted pension funds</b>     |   |                                |                                |   |  |
| Pension reserve                     | <u>(6,775)</u>                                | <u>(645)</u>                   | <u>(1,316)</u>                 | <u>4,681</u>                                  | <u>(4,055)</u>                           |
| Total restricted funds              | 2,833   | 27,371                         | (22,253)                       | 4,681   | 12,632                                   |
| Total unrestricted funds            | <u>893</u>                                    | <u>412</u>                     | <u>(143)</u>                   | <u>-</u>                                      | <u>1,162</u>                             |
| Total funds                         | <u>3,726</u>                                  | <u>27,783</u>                  | <u>(22,396)</u>                | <u>4,681</u>                                  | <u>13,794</u>                            |

# Horizons Specialist Academy Trust

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

### 16 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 2018.

Amounts carried forward in relation to sponsor grants received from the DfE/EFA will be utilised during 2018/19

Other DfE/EFA grants, other government grants and other restricted funds include Pupil Premium, sickness insurance income, 16-18 Bursary funding & 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 restricted funds are in deficit as a result of the deficit on the LGPS pension scheme alone.

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

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

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

Transfers between funds represents fixed assets purchased out of GAG.

### Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

|   | 2018<br>£ 000 | 2017<br>£ 000 |
|---|---------------|---------------|
| Abbey Hill                                    | -             | 1,876         |
| Westlands                                     | -             | 467           |
| Green Gates                                   | -             | 29            |
| Hollis  | -             | 157           |
| Central Services                              | 2,186         | -             |
| Total before fixed assets and pension reserve | 2,186         | 2,529         |
| Restricted fixed asset fund                   | 15,663        | 15,210        |
| Pension reserve                               | (4,055)       | (4,748)       |
| Total   | 13,794        | 12,991        |

The Trustees have made the decision with effect from 31 August 2018, that any funds held by an individual Academy will be transferred to the central fund to carry forward into future periods.

# Horizons Specialist Academy Trust

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

### 16 Funds (continued)

#### Analysis of academies by cost

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

|               | Teaching<br>and<br>Educational<br>Support<br>Staff Costs<br>£ 000 | Other<br>Support<br>Staff Costs<br>£ 000 | Educational<br>Supplies<br>£ 000 | Other Costs<br>(excluding<br>Depreciation)<br>£ 000 | Total<br>2018<br>£ 000 |
|---------------|---|--|----------------------------------|---|------------------------|
| Abbey Hill    | 4,741   | 179                                      | 109                              | 573   | 5,602                  |
| Westlands     | 1,290   | 148                                      | 109                              | 167   | 1,714                  |
| Green Gates   | 869   | 76                                       | 19                               | 87  | 1,051                  |
| Hollis        | 1,366   | 132                                      | 123                              | 228   | 1,849                  |
| Academy Trust | <u>8,266</u>  | <u>535</u>                               | <u>360</u>                       | <u>1,055</u>  | <u>10,216</u>          |

Expenditure incurred by each Academy during the prior year was as follows:

|               | Teaching<br>and<br>Educational<br>Support<br>Staff Costs<br>£ 000 | Other<br>Support<br>Staff Costs<br>£ 000 | Educational<br>Supplies<br>£ 000 | Other Costs<br>(excluding<br>Depreciation)<br>£ 000 | Total<br>2017<br>£ 000 |
|---------------|---|--|----------------------------------|---|------------------------|
| Abbey Hill    | 4,543   | 562                                      | 136                              | 756   | 5,997                  |
| Westlands     | 1,175   | 206                                      | 79                               | 238   | 1,698                  |
| Green Gates   | 723   | 106                                      | 14                               | 108   | 951                    |
| Hollis        | 1,588   | 158                                      | 68                               | 264   | 2,078                  |
| Academy Trust | <u>8,029</u>  | <u>1,032</u>                             | <u>297</u>                       | <u>1,366</u>  | <u>10,724</u>          |

### 17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

|                          | Unrestricted<br>funds<br>£ 000 | Restricted<br>general<br>funds<br>£ 000 | Restricted<br>fixed asset<br>funds<br>£ 000 | Total funds<br>£ 000 |
|--------------------------|--------------------------------|---|---|----------------------|
| Tangible fixed assets    | -                              | -                                       | 15,663                                      | 15,663               |
| Current assets           | 1,162                          | 1,923                                   | -   | 3,085                |
| Current liabilities      | -                              | (899)                                   | -   | (899)                |
| Pension scheme liability | -                              | (4,055)                                 | -   | (4,055)              |
| Total net assets         | <u>1,162</u>                   | <u>(3,031)</u>                          | <u>15,663</u>                               | <u>13,794</u>        |

# Horizons Specialist Academy Trust

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

### 17 Analysis of net assets between funds (continued)

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

|                          | Unrestricted<br>funds<br>£ 000 | Restricted<br>general<br>funds<br>£ 000 | Restricted<br>fixed asset<br>funds<br>£ 000 | Total funds<br>£ 000 |
|--------------------------|--------------------------------|---|---|----------------------|
| Tangible fixed assets    | -                              | -                                       | 15,210                                      | 15,210               |
| Current assets           | 1,123                          | 2,153                                   | -   | 3,276                |
| Current liabilities      | -                              | (747)                                   | -   | (747)                |
| Pension scheme liability | -                              | (4,748)                                 | -   | (4,748)              |
| Total net assets         | <u>1,123</u>                   | <u>(3,342)</u>                          | <u>15,210</u>                               | <u>12,991</u>        |

### 18 Capital commitments

|  | 2018<br>£ 000 | 2017<br>£ 000 |
|--|---------------|---------------|
| Contracted for, but not provided in the financial statements | <u>276</u>    | <u>521</u>    |

### 19 Commitments under operating leases

#### Operating leases

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

|  | 2018<br>£ 000 | 2017<br>£ 000 |
|--|---------------|---------------|
| Amounts due within one year            | 3             | 8             |
| Amounts due between one and five years | <u>1</u>      | <u>4</u>      |
|  | <u>4</u>      | <u>12</u>     |

# Horizons Specialist Academy Trust

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

### 20 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

|   |    | 2018<br>£ 000 | 2017<br>£ 000 |
|---|----|---------------|---------------|
| Net (expenditure)/income  |    | (447)         | 5,834         |
| Depreciation  | 6  | 470           | 431           |
| Capital grants from DfE and other capital income  |    | (599)         | (328)         |
| Interest receivable   | 5  | (11)          | (12)          |
| Defined benefit pension scheme obligation inherited   | 24 | -             | 645           |
| Defined benefit pension scheme cost less contributions payable                              | 24 | 444           | 615           |
| Defined benefit pension scheme finance cost   | 24 | 113           | 144           |
| Increase in debtors   |    | (369)         | (22)          |
| Increase in creditors   |    | 152           | 150           |
| Transfer from Local Authority: Transfer on conversion from local authorities - fixed assets |    | -             | (7,029)       |
| Net cash (used in)/provided by Operating Activities   |    | <u>(247)</u>  | <u>428</u>    |

### 21 Cash flows from investing activities

|   |  | 2018<br>£ 000 | 2017<br>£ 000 |
|---|--|---------------|---------------|
| Dividends, interest and rents from investments      |  | 11            | 12            |
| Purchase of tangible fixed assets                   |  | (923)         | (292)         |
| Capital funding received from sponsors and others   |  | 599           | 328           |
| Net cash (used in)/provided by investing activities |  | <u>(313)</u>  | <u>48</u>     |

### 22 Analysis of cash and cash equivalents

|                                 |  | 2018<br>£ 000 | 2017<br>£ 000 |
|---------------------------------|--|---------------|---------------|
| Cash at bank and in hand        |  | <u>2,504</u>  | <u>3,064</u>  |
| Total cash and cash equivalents |  | <u>2,504</u>  | <u>3,064</u>  |

# **Horizons Specialist Academy Trust**

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

### **23 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 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.

### **24 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 South Tyneside Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 13 February 2018 and of the LGPS 31 August 2018.

Contributions amounting to £125,598 (2017 - £121,499) were payable to the schemes at 31 August 2018 and are included within creditors.

### **Teachers' Pension Scheme**

#### **Introduction**

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

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

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

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

# Horizons Specialist Academy Trust

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

### 24 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £546,000 (2017 - £548,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £613,000 (2017 - £577,000), of which employer's contributions totalled £446,000 (2017 - £412,000) and employees' contributions totalled £167,000 (2017 - £165,000). The agreed contribution rates for future years are 17.5 per cent for employers and 5.5 - 12.5 per cent for employees.

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

### Principal actuarial assumptions

|  | 2018<br>%   | 2017<br>%   |
|--|-------------|-------------|
| Rate of increase in salaries                       | 3.00        | 3.00        |
| Rate of increase for pensions in payment/inflation | 2.00        | 2.00        |
| Discount rate for scheme liabilities               | 2.80        | 2.50        |
| Inflation assumptions (CPI)                        | <u>2.00</u> | <u>2.00</u> |



# Horizons Specialist Academy Trust

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

### 24 Pension and similar obligations (continued)

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

|                              | 2018         | 2017         |
|------------------------------|--------------|--------------|
| <b>Retiring today</b>        |              |              |
| Males retiring today         | 22.90        | 22.80        |
| Females retiring today       | 25.00        | 24.90        |
| <b>Retiring in 20 years</b>  |              |              |
| Males retiring in 20 years   | 25.10        | 25.00        |
| Females retiring in 20 years | <u>27.30</u> | <u>27.20</u> |

### Sensitivity analysis

|  | At 31 August<br>2018<br>£000 | At 31 August<br>2017<br>£000 |
|--|------------------------------|------------------------------|
| Discount rate +0.1%                    | 13,837                       | 13,503                       |
| Discount rate -0.1%                    | 14,511                       | 14,161                       |
| Mortality assumption – 1 year increase | 14,579                       | 13,414                       |
| Mortality assumption – 1 year decrease | 13,763                       | 14,245                       |
| CPI rate +0.1%                         | 14,295                       | 14,037                       |
| CPI rate -0.1%                         | <u>14,046</u>                | <u>13,622</u>                |

The Academy Trust's share of the assets in the scheme were:

|                              | 2018<br>£ 000 | 2017<br>£ 000 |
|------------------------------|---------------|---------------|
| Equities                     | 7,384         | 7,182         |
| Corporate bonds              | -             | 9             |
| Property                     | 779           | 581           |
| Cash and other liquid assets | 1,821         | 1,162         |
| Other                        | <u>131</u>    | <u>146</u>    |
| Total market value of assets | <u>10,115</u> | <u>9,080</u>  |

The actual return on scheme assets was £510,000 (2017 - £1,132,000).

# Horizons Specialist Academy Trust

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

### 24 Pension and similar obligations (continued)

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

|                                     | 2018<br>£ 000 | 2017<br>£ 000 |
|-------------------------------------|---------------|---------------|
| Current service cost                | 890           | 1,027         |
| Interest income                     | (234)         | (153)         |
| Interest cost                       | 347           | 297           |
| Total amount recognised in the SOFA | 1,003         | 1,171         |

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

|                              | 2018<br>£ 000 | 2017<br>£ 000 |
|------------------------------|---------------|---------------|
| At start of period           | 13,828        | 13,621        |
| Conversion of academy trusts | -             | 1,293         |
| Current service cost         | 890           | 1,027         |
| Interest cost                | 347           | 297           |
| Employee contributions       | 167           | 165           |
| Actuarial (gain)/loss        | (974)         | (2,452)       |
| Benefits paid                | (88)          | (123)         |
| At 31 August                 | 14,170        | 13,828        |

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

|                              | 2018<br>£ 000 | 2017<br>£ 000 |
|------------------------------|---------------|---------------|
| At start of period           | 9,080         | 6,846         |
| Conversion of academy trusts | -             | 648           |
| Interest income              | 234           | 153           |
| Actuarial gain/(loss)        | 276           | 979           |
| Employer contributions       | 446           | 412           |
| Employee contributions       | 167           | 165           |
| Benefits paid                | (88)          | (123)         |
| At 31 August                 | 10,115        | 9,080         |

### 25 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account.

# **Horizons Specialist Academy Trust**

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

### **26 Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the Academy Trust received £21,099 and disbursed £21,099 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to ESFA.