

**Company Registration No. 07949111 (England and Wales)**

**HATTON ACADEMIES TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

# HATTON ACADEMIES TRUST

## CONTENTS

---

	<b>Page</b>
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of trustees' responsibilities	19
Independent auditor's report on the accounts	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities including income and expenditure account	25
Balance sheet	26
Statement of cash flows	27
Notes to the accounts including accounting policies	28 - 52

---

# HATTON ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members

Mrs P Dubas  
T Kendrick (to 18 January 2019)  
W Thallon  
Mrs R Fell (from 21 January to 1 September 2019)  
Mrs S Knight (from 1 September 2019)

### Trustees

Mr WA Thallon (Chairman)  
Mrs S V Bishop (Former CEO/Executive Principal) (Resigned 31 May 2019)  
Mr C Hinds (CFO/Director of Finance & Operations)  
Mr D J Morris  
Mrs S M Knight (Parent Director) (Resigned 1 November 2018)  
Mr G M Lawman  
Mr S P Dawson  
Mr R B Joshi  
Mrs S Fitzgerald (Parent Director)  
Mrs K L Bishop (Appointed 16 May 2019)  
Mr R Hardcastle (CEO and Accounting Officer) (Appointed 7 June 2019)

### Senior management team

- Executive Principal	R Hardcastle (from 7 June 2019) Mrs S V Bishop (until 31 May 2019)
- Director of Finance & Operations	C Hinds
- Head of Secondary Standards	A Wilson
- Head of Primary Education	R Hardcastle
- Principal (Sir Christopher Hatton)	Mrs C Raku (to 31 August 2019)
- Principal (Victoria Primary)	Mrs H Scargill
- Principal (Oakway)	Mrs C Wallace
- Principal (Ecton Village Primary)	Mrs K Cleaver

### Company secretary

Mr C Hinds

### Company registration number

07949111 (England and Wales)

### Registered office

The Pyghtle  
Wellingborough  
Northamptonshire  
NN8 4RP

### Academies operated

Sir Christopher Hatton Academy  
  
Victoria Primary Academy  
Oakway Academy  
Ecton Village Primary School

### Location

Wellingborough  
  
Wellingborough  
Wellingborough  
Ecton

### Principal

Mrs C Raku (to 31 August 2019)  
Mrs H Scargill  
Mrs C Wallace  
Mrs K Cleaver

# HATTON ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

**Independent auditor**                      **Baldwins Audit Services**  
Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL

**Bankers**                                      **Yorkshire Bank**  
7 Gold Street  
Northampton  
NN1 1EN

**Solicitors**                                  **Howes Percival**  
Nene House  
4 Rushmills  
Northampton  
NN4 7YB

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates three primary academies, Victoria Primary Academy and Oakway Academy and Ecton Village Primary Academy, and a secondary academy, Sir Christopher Hatton Academy, in Wellingborough. Its academies have a combined pupil capacity of 2,409 and had a roll of 2,355 in the school census of October 2019.

### **Structure, governance and management**

#### **Constitution**

The Multi-Academy Trust is a company, limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Multi-Academy Trust. Some of the trustees for the charitable activities of Hatton Academies Trust are also directors of the Charitable Company for the purposes of company law.

Details of the trustees who served throughout the year 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**

In accordance with normal commercial practice, the Multi-Academy Trust has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on Multi-Academy Trust business.

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

Trustees of the Multi-Academy Trust are nominated by either the Secretary of State for Education, the Local Authority or members of the Charitable Company. Parent governor trustees are elected from parents of registered pupils at the academies and appointed by the members of the charitable company. The articles of association require no less than three trustees or one third of total Trustees holding office for decisions regarding the appointment or election of Trustees.

The term of office for any trustee, shall be 4 years except for the Chief Executive Officer and the Director of Finance and Operations both of whom remain Trustees whilst in post. Trustees are eligible for re-election at the meeting at which they retire.

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

During the year under review the trustees held twelve trustees' meetings to which all Trustees are invited to attend. The training and induction provided for new trustees will depend on their existing experience in education and governance. Where necessary induction will provide training on charity and educational, legal and financial matters. All new trustees will be given a tour of the academies to meet staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. All new Trustees receive a copy of the Academies Financial Handbook so that they fully understand responsibilities for financial probity in all aspects of Trust decisions.

# **HATTON ACADEMIES TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2019***

---

### Organisational structure

The management structure consists of four levels; the Trustees, the Chief Executive Officer, the Senior Management Team and the Academy Management Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual strategic plan and budget, monitoring the Multi-Academy Trust against its budget and improvement plans and making major decisions about the direction of the Trust, including but not limited to Trust growth, capital expenditure and appointment of the Chief Executive Officer and the Director of Finance and Operations.

The Senior Managers are the Chief Executive Officer, the Director of Finance and Operations, the Head of Primary Education, the three Primary Academy Principals and the Secondary Academy Co- Principals.

These managers control the Multi-Academy Trust at a senior level implementing the policies and delivering the improvement plans laid down by the trustees and reporting back to them on progress and compliance. As a group, the Senior Managers are responsible for the authorisation of spending within agreed delegated budgets and the appointment of staff.

Senior managers are supported by their respective Academy leadership and operational management support teams. These managers are responsible for the day to day operation of their department or specialism within Trust academies.

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

The Trust has a pay policy which outlines clear performance expectations for key management personnel and adheres closely to the School Teachers' Pay and Conditions Document (STPCD).

The Chief Executive Officer has pay set on a Trust pay-scale by the Board, supported by a specialist consultant. Pay is set on the basis of this objective recommendation commensurate with the level of responsibility, experience and impact of the current post-holder. In arriving at this decision the Board has given due notice to the recommendations on Executive Leader pay limits issued by the DfE.

The Director of Finance and Operations is paid on an equivalent range on the Senior Leadership Payscale, set by the CEO and the Board of Directors, commensurate with experience, impact and responsibility of the current post-holder.

The Trust Head of Primary Education is paid in line with the national head teacher pay scales taking account of the executive head teacher role track record as a primary head teacher and based on the level of responsibility.

The pay of the three primary Principals is set in accordance with the Teachers' pay and conditions document and the current size of the academies in terms of pupil numbers. This is also the case for the secondary acting Co-Principals.

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### Trade union facility time

#### *Relevant union officials*

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

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

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

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

Total cost of facility time	-
Total pay bill	7,556,000
Percentage of the total pay bill spent on facility time	-

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---	---

### Related parties and other connected charities and organisations

Hatton Academies Trust owns 100% of the issued ordinary shares of Hatton School Limited, a company incorporated in England and Wales (registration no. 07761700). Further details regarding the subsidiary company are given in note 14 to the financial statements.

### **Objectives and activities**

#### Objects and aims

The principal object and activity of the Multi-Academy Trust is to provide education for pupils of different abilities between the ages of 4 and 19.

In accordance with the articles of association the Multi-Academy Trust has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn (where applicable), and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy trust during the year ended 31st August 2019 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Objectives, strategies and activities

The Multi-Academy Trust's main strategy to carry out the objects is to provide comprehensive education for pupils of different abilities, in a learning environment utilising the best possible teaching facilities and staff. To this end the activities provided include:

- tuition and learning opportunities for all students to attain age appropriate academic qualifications;
- a comprehensive personal, social and health education that prepares our pupils for life in modern Britain
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of enrichment activities and after school clubs to allow students to explore in a practical and project orientated way;
- a careers advice and a guidance programme to help students obtained employment or move on to higher education.

### Public benefit

The Trustees have regard to the Charity Commissions guidance on public benefit Section 4 of the Charities Act 2011. The Trustees ensure that the Multi-Academy Trust's activities are undertaken in line with the charitable objects and aims.

## **Strategic report**

### **Achievements and performance**

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Multi-Academy Trust by the use of budgets and making major decisions about the strategic direction of the Multi-Academy Trust, capital expenditure and appointment of the CEO and the Director of Finance and Operations.

In 2018/19, Ofsted inspections took place in Oakway Academy, Victoria Primary Academy and Ecton Village Primary Academy with the following results:

In April 2019, Oakway Academy underwent a section 5 inspection which judged that:

- The academy requires improvement;
- The effectiveness of leadership and management was good;
- The quality of teaching and learning requires improvement;
- Personal development, behaviour and welfare of children was good;
- Outcomes for pupils requires improvement;
- The quality of provision in early years was good.

The report set out the following areas for improvement:

Leaders and those responsible for governance should ensure that they:

- further develop their initiatives and ensure that they are applied consistently by all staff
- strengthen systems of governance to better hold leaders to account, including for the impact of additional funding.

Build on recent improvements to further improve the quality of teaching, learning and assessment, and so pupils' progress and attainment, by ensuring that all teachers:

- use information about pupils' learning more effectively to adapt teaching, address pupils' misconceptions and more carefully match work to pupils' abilities
- have high expectations of the accuracy of pupils' spelling, grammar and punctuation
- teach pupils, including those who speak English as an additional language, to understand and use important vocabulary in different subjects
- more carefully plan sequences of learning, particularly in mathematics, that build pupils' learning over time
- more effectively teach pupils to apply their phonics and reading skills in their writing.



# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

In May 2019, Victoria Primary Academy underwent a section 5 inspection which judged that:

- The academy requires improvement;
- The effectiveness of leadership and management was good;
- The quality of teaching and learning requires improvement;
- Personal development, behaviour and welfare of children was good;
- Outcomes for pupils requires improvement;
- The quality of provision in early years was good.

The report set out the following areas to improve:

- Complete the curriculum review to develop a coherent and manageable framework across subjects and year groups.

Improve the quality of teaching and learning to be consistently good by teachers:

- deepening their subject knowledge so that they plan sequences of learning that systematically build up pupils' understanding
- using assessment more precisely within lessons to adapt teaching to better meet pupils' needs.

Improve outcomes for pupils by teachers:

- planning learning that sufficiently challenges pupils and deepens their understanding, especially for most able pupils
- enabling pupils to build on positive attitudes to learning, to be more independent learners.

In May 2019, Ecton Village Primary Academy underwent a section 5 inspection which judged that:

- The academy requires improvement;
- The effectiveness of leadership and management requires improvement;
- The quality of teaching and learning requires improvement;
- Personal development, behaviour and welfare of children was good;
- Outcomes for pupils requires improvement;
- The quality of provision in early years was good.

The report set out the following areas to improve:

Improve the effectiveness of leadership and management by ensuring that:

- trust leaders and the principal speed up their development of the skills of more senior staff so as to effectively support school improvements
- the principal and senior staff monitor the quality of teaching, learning and assessment more systematically, resulting in improved provision for pupils.

Improve the quality of teaching, learning and assessment and thereby outcomes for pupils by ensuring that teachers:

- set work which is consistently well matched to pupils' abilities so that pupils, particularly the most able, are challenged, motivated and fully engaged with their learning
- hold consistently high expectations of what pupils can and should achieve
- consistently address pupils' misconceptions of basic spelling, grammar and punctuation
- use strong subject knowledge to give pupils clear explanations and provide opportunities for pupils to deepen their understanding of concepts
- provide pupils with increased opportunities to develop their scientific inquiry skills.

Improve pupils' knowledge and understanding of other cultures and religious beliefs.

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### Key performance indicators

#### A. SIR CHRISTOPHER HATTON ACADEMY

Sir Christopher Hatton Academy KS4 and KS5 Outcomes			
% achieving Grade 5+ English/Maths			
	2017	2018	2019
School EXS+	42.0%	51.0%	55.0%
National EXS+	43.0%	43.0%	45.0%
School PP	42.0%	51.0%	21.0%
National PP	22.0%	25.0%	24.0%
No. pupils	177	194	201
Pupil No. Gap	-1	15	20

	Number	Progress 8					A 8	Basics (%)	
		Total	English	Maths	Ebacc	Other		4+ Eng/ Maths	5+ Eng/ Maths
All students	201	1.00	0.59	0.88	1.16	0.94	53.93	77	55
Male	108	0.82	0.22	1.03	1.13	0.79	54.59	77	55
Female	93	1.04	1.01	0.72	1.2	1.11	53.04	77	55
Pupil Premium	42	0.84	0.48	0.77	1.09	0.49	42.63	57	21
SEN	24	0.5	-0.1	0.56	0.89	0.44	41.77	38	25
LPA	31	1.00	0.84	0.52	1.12	0.91	34.23	16	6
MPA	99	1.15	0.81	0.95	1.26	0.98	50.98	84	47
HPA	68	0.77	0.14	0.95	1.05	0.89	66.82	94	87

KS5 Outcomes – 72 Students ALPs Score				
	2016	2017	2018	2019
Single year score	2.67	4	4.33	3.67
Single year grade 1-9	2	4	4	3

Outcomes at the end of KS4 and KS5 are very strong. The progress made by all children between Year 7 and Year 11 set out by the Department for Education's in the Progress 8 measure is the highest in Northamptonshire and the highest in the whole of the East Midlands.

The A level score of 3 for progress made over the two year A Level programme is classed as being in the top 25% of all Sixth Form achievement nationally.

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### B. PRIMARY ACADEMY PERFORMANCE

Set out below are the headline performance data for the three Trust Primary Academies.

% achieving expected or above in Reading, Writing and Maths combined in Year 6				
	2016	2017	2018	2019
School Expected or above	22.0%	23.0%	41.0%	50.0%
National Expected or above	53.0%	61.0%	64.0%	65.0%
School Greater Depth	0.0%	1.0%	7.0%	5.0%
National Greater Depth	5.0%	9.0%	10.0%	11.0%
Number of Year 6 pupils across Trust Primaries	144	136	153	161
Pupil gap between school and national at expected	-44	-51	-35	-24
Pupil gap between school and national at greater depth	-7	-10	-4	-9

% achieving expected or above in Reading in Year 6				
	2016	2017	2018	2019
School Expected or above	33.0%	35.0%	57.0%	63.0%
National Expected or above	66.0%	72.0%	75.0%	73.0%
School Greater Depth	6.0%	4.0%	15.0%	18.0%
National Greater Depth	19.0%	25.0%	28.0%	27%
Number of Year 6 pupils across Trust Primaries	144	136	153	161
Pupil gap between school and national at expected	-47	-50	-27	-16
Pupil gap between school and national at greater depth	-18	-28	-19	-14

% achieving expected or above in Writing in Year 6				
	2016	2017	2018	2019
School Expected or above	62.0%	49.0%	68.0%	71.0%
National Expected or above	74.0%	76.0%	78.0%	78.0%
School Greater Depth	2.0%	3.0%	12.0%	14.0%
National Greater Depth	15.0%	18.0%	20.0%	20.0%
Number of Year 6 pupils across Trust Primaries	144	136	153	161
Pupil gap between school and national at expected	-17	-36	-15	-11
Pupil gap between school and national at greater depth	-18	-20	-12	-9

% achieving expected or above in Maths in Year 6				
	2016	2017	2018	2019
School Expected or above	38.0%	40.0%	58.0%	66.0%
National Expected or above	70.0%	75.0%	76.0%	79.0%
School Greater Depth	2.0%	4.0%	12.0%	16.0%
National Greater Depth	17.0%	23.0%	24.0%	27%
Number of Year 6 pupils across Trust Primaries	144	136	153	161
Pupil gap between school and national at expected	-46	-47	-27	-20
Pupil gap between school and national at greater depth	-21	-25	-18	-17

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Progress scores across Key Stage 2 in Reading, Writing and Maths					
		2016	2017	2018	2019
Reading	Reading	-5.3	-3.7	-2.6	-0.3
	Upper Confidence	-4.9	-3.3	-2.2	0.1
	Lower Confidence	-5.7	-4.1	-3	-0.7
	Sig+/-	Well Below	Well Below	Well Below	Average
Writing	Writing	-1.9	-1.2	-0.3	1.5
	Upper Confidence	-1.5	-0.8	0.1	1.9
	Lower Confidence	-2.3	-1.6	-0.7	1.1
	Sig+/-	Well Below	Below Average	Average	Above Average
Maths	Maths	-4.6	-3.1	-2.5	-0.5
	Upper Confidence	-4.1	-2.7	-2.1	-0.1
	Lower Confidence	-5	-3.5	-2.9	-0.9
	Sig +/-	Well Below	Well Below	Well Below	Average

In each subject there is a clear four year upward trend in rates of progress made by children through Key Stage 2 made in by children our primary settings in all three subjects. For the first time none of the key progress markers are below that achieved nationally and in the case of writing it is above that made nationally.

Attainment is still below that achieved nationally but is showing a clear four year upward trend in all subjects. This rate of improvement is much more rapid than that made nationally. Attainment outcomes will always depend largely on prior attainment of each cohort. In our academies children enter with levels of attainment that are on average significantly below the national average. As a Trust their rate of progress is increasing quickly and the attainment at the end of each primary setting is now much closer to that achieved nationally.

### Going concern

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

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### **Financial review**

Most of the Multi-Academy Trust's income is obtained from the Education & Skills Funding Agency/Department of Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA/DfE during the year ended 31st August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Multi-Academy Trust also receives grants for fixed assets from the ESFA/DfE. In accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition funds are received from various activities carried out to generate funds to cover any running costs of the Multi-Academy Trust not met by restricted grants. Any surplus is carried forward as an unrestricted fund in the balance sheet.

### **Financial position**

During the year ended 31st August 2019 total expenditure was £13.157 million (2018: £12.681 million) and total incoming funds from the ESFA/DfE and other sources were £12.364 million (2018: £15.548 million).

At 31st August 2019 the net book value of tangible fixed assets was £20.203 million (2018: £17.918 million) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Multi-Academy Trust.

The Multi-Academy Trust held fund balances at 31st August 2019 of £16.854 million (2018: £19.178 million) comprising £16.459 million (2018: £18.942) of restricted funds and £0.395 million (2018: £0.236 million) of unrestricted funds.

### **Reserves policy**

The Trustees review the reserve levels of the Multi-Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the approximate level of free reserves should be equivalent of 12 weeks expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Multi-Academy Trust's current level of free reserves (total funds less the amount held in restricted funds) is £0.395 million which is less than is needed. The Multi-Academy Trust intends to continue building up free reserves to the level required. As anticipated and in line with the previous year, the Multi-Academy Trust's defined benefit pension scheme continues to be in deficit (see further details below).

### **Investment policy**

The Multi-Academy Trust does not hold any investments other than its subsidiary company and cash. The Multi-Academy Trust holds cash balances and has a policy and objective to ensure balances are maintained to meet operational cash requirements so that any surpluses are transferred to higher interest deposit accounts.

### **Principal risks and uncertainties**

The trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the Multi Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Multi Academy Trust, and its finances. The trustees have implemented a number of systems to assess risks that the academy trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding pupil well-being and academy trips and visits) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Multi Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.



# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The Multi-Academy Trust's exposure to financial risks is not material to the assessment of the trust's assets, liabilities, financial position and its results, given the nature of the Multi-Academy Trust and low risk and uncomplicated financial instruments used (mainly bank balances and trade creditors). The restricted pension reserve was in deficit by £4.398 million (2018: £2.470million). This deficit relates solely to the actuarial assessment, at 31st August 2019, of Local Government Pension Scheme and future contribution rates have been agreed to reduce this deficit. Further details can be found in note 22 to the financial statements.

The trustees consider the following items as the principal risks and uncertainties facing the Multi-Academy Trust:

- Academy funding within the Northamptonshire funding formula has led to a real terms decrease in funding for Trust academies. This trend is likely to continue in 2019/20, although it is anticipated that recent improvements in pupil numbers will mitigate this risk.
- All Academy budgets face a level of uncertainty given the Government's decision to move towards a national funding formula in 2018/19, particularly as a result of the Local Authority's decision to impose a minimum funding guarantee after 3 years. This results in a loss of funding for the Trust.
- The government's recent decision to increase levels of public sector pay for some staff by 2.75% with only partial funding allocated in 2019/20 and beyond, with only partial funding allocated within Trust budgets for this purpose creates a real terms reduction in funding and a cost pressure which must be managed by restricting budgets elsewhere.
- The Trust has a robust recruitment and retention strategy to overcome the risk of losing its key senior staff and this is further supplemented by Sir Christopher Hatton Academy's designation as a Teaching School, which will impact positively on professional development and recruitment and retention in all Trust Academies.
- The Trust continues to face challenges to improve the quality of provision within its three primary schools in 2019/20 although it is clear from the performance data within this document and the Ofsted judgements in 2019/20 that these schools are developing at a sustainable rate with strong leadership. The Trust will continue to develop Leadership capacity and improve teaching performance to ensure that these schools advance beyond their current Ofsted judgements.

### Financial and risk management objectives and policies

The academy trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk register
- Risk management policy

### **Fundraising**

Hatton Academies Trust does not take part in any fundraising activities to raise funds to benefit the organisation. The Trust has plans to develop its fundraising potential in 2019/20 for the benefit of all pupils. Monitoring of all fundraising activities will take place on a regular basis by the Director of Finance and Operations which will be reported to the Board of Directors Finance, Audit and Premises subcommittee.

### **Plans for future periods**

The Trust has clear plans to increase the size of the Trust in the longer term to support more Primary and Secondary schools with the improvement of their performance for the benefit of local children, the Trustees recognise that it is important to consolidate the teaching quality and performance of its primary schools in the short term. To this effect governance arrangements have been put in place to provide a more robust support and challenge to the performance of the Trust schools.

Furthermore the Trust continues to develop its role as a provider of training services to teachers locally through its teaching school within Sir Christopher Hatton Academy, contributing to the wider development of education in the local community.

# HATTON ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### Employee consultation and disabled employees

The Trustees recognise that equal opportunities are an integral part of good practice within the workplace. The Multi-Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

The Trust has an accessibility plan for disabled persons for all of its premises to ensure equality of access to buildings, curricular and extra-curricular activities. Physical aids are also in place, for example, ramps to access some class rooms and all teaching blocks. Disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academies. The policy of the Multi-Academy Trust is to support recruitment and retention of students and employees with disabilities. The Multi-Academy Trust does this by adapting the physical environment to suit the needs of individuals and by making support resources available and through training and career development.

There are regular staff announcements to communicate a wide range of information to all employees on the Academies' activities. The Trustees and Senior Leadership Teams value greatly any constructive feedback from all teaching and support staff.

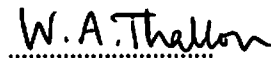
### Auditor

Insofar as the trustees are aware:

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

A resolution proposing that Baldwins Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ~~17 Dec 2019~~ and signed on its behalf by:



Mr W A Thallon  
Chairman

# HATTON ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Hatton Academies 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 CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hatton Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 12 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr W A Thallon (Chairman)	12	12
Mrs S V Bishop (Former CEO/Executive Principal) (Resigned 31 May 2019)	5	11
Mr C Hinds (CFO/Director of Finance & Operations)	5	12
Mr D J Morris	8	12
Mrs S M Knight (Parent Director) (Resigned 1 November 2018)	1	2
Mr G M Lawman	11	12
Mr S P Dawson	11	12
Mr R B Joshi	9	12
Mrs S Fitzgerald (Parent Director)	9	12
Mrs K L Bishop (Appointed 16 May 2019)	0	0
Mr R Hardcastle (CEO and Accounting Officer) (Appointed 7 June 2019)	3	3

With the formation of the Multi-academy trust the Governance Structure was revised and adopted by the Trustees

#### Members

Board of Trustees/Directors meetings with subcommittee as follows:

- Audit Committee Meetings
- Finance & Premises Committee meetings
- Staff and Safeguarding Committee
- Individual Local Academy Committees

The Board of Trustees delegated specific powers to the Academy Committees, on which members of the local Trust community sit to support the Trust with the delivery of its aims and objectives, for which responsibility has been delegated.

The Trustees have reviewed its compliance against the requirements of the Academies Financial Handbook 2018 Edition and have concluded that the Trust complies with the requirements of the AFH and have in place an action plan to ensure continued compliance.



# HATTON ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to review and approve all matters relating to Finance. The Committee makes recommendations to the board of trustees for approval as set out in the terms of reference. The main purposes are to ensure a comprehensive review of risks to which the trust is exposed and make recommendations and ensuring there is a robust system of internal controls in place.

During the year ended 31 August 2019 the business of this committee was incorporated into the main Board of Directors meetings to ensure ownership of the financial risks and pressures facing its respective Academies. Internal audit reports were reviewed by the Board of Directors. As part of the new governance structure a separate audit committee has been established and its members are noted on page 1 in the reference and administration details. Its new terms of reference require it to meet bi-annually in future.

### **Review of value for money**

As accounting officer the CEO has responsibility for ensuring that the Multi-Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

### **Review of Leadership and Management of Academies and curriculum focus**

To ensure that there is targeted improvement in all Academies within Hatton Academies Trust there has been a continuous review of leadership and staffing structures in 2018/19 to ensure that:-

- Clear accountability frameworks are in place with a focus on accelerated improvement of individual academies performance indicators
- School leaders at all levels have the capacity to review, develop and implement necessary improvements to ensure that their curriculum is fit for purpose.
- Key staff are deployed efficiently and effectively to support the improved curriculum offer and deliver interventions to accelerate pupil progress
- Public funding is directed towards core activities. Inefficient and ineffective activities have been addressed.
- The development of teaching and learning and associated student outcomes remains the Trust's core priority

The Trust is satisfied that with the improvements put in place in 2018/19 all Academies are now in the position to move forward with a strong leadership and accountability culture and a broad and balanced curriculum which supports our pupils to achieve.

### **Focus on the accelerated improvement of individual pupils**

In 2018/19, the Trust has continued to develop clear accountability frameworks in all Academies to ensure that Academy Leaders and teaching staff are focused on the accelerated progress and attainment of individual pupils against their expected levels of achievement. This has been achieved by:

- Ensuring that adequate financial resources are directed towards pupils who have identified high needs and are in need of additional support to achieve their potential
- Ensuring that pupil premium resources are spent with a focus on impact on teaching and learning outcomes and enrichment of their learning for these pupils.
- Ensuring that resources are directed to ensure that Gifted and Talented pupils are afforded every opportunity to exploit and progress their gifts and talents.
- Investing resources in phonics, literacy and numeracy systems designed to accelerate progress for pupils who are assessed as being below their expected potential.
- Ensuring that structured programmes of intervention and the required level of staffing support is in place for any pupil whose academic progress is behind their age related expectation.

# HATTON ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### Value for Money Achieved through Collaboration

In 2018/19 the Trust has worked hard to develop its collaborative links with organisations to ensure that our Academies experience the financial benefits of achieving economies of scale through shared access to services, with the following key achievements:-

- The Trust has successfully maintained and developed shared support services for all Trust Academies for financial and treasury management services, payroll, IT technical support services, HR support services, Legal, Insurance and Health and Safety support services, school improvement and data support services.
- The Trust has developed through its lead Academy, Sir Christopher Hatton Academy, the Hatton Teaching School Alliance which now has formal designated Teaching School status from the National College of Teaching and Leadership. Through this alliance, the Trust has developed as a local lead school for Schools Direct and Teach First working with Trust primary academies and other local secondary schools resulting in recruitment of NQTs / Trainee teachers into Trust Academies and in schools locally. It has also gained status as a Challenge Partners hub.
- Trust-wide marketing and advertising of recruitment opportunities has enhanced our teaching appointments in a challenging recruitment environment ensuring that all key teaching posts in Trust academies were full at 1 September 2019.
- Sir Christopher Hatton Academy continues to collaborate proactively with local secondary schools and the Local Authority in the behaviour and attendance partnership meetings with a positive impact on attendance rates and minimising exclusions.
- Oakway Academy and Victoria Primary Academy have commissioned support from the 5 Wells teaching school alliance to support the development of their NQTs and established teaching workforce.
- Following investment by the Trust in its senior staff to train as facilitators, the Trust has facilitated training to staff in many local schools through the Middle Leader Development Programme, the Outstanding Teacher Programme and the Improving Teacher Programme.

The key performance indicators for all of our Academies are clearly stated within the Trustees report.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hatton Academies Trust for the period 1st September 2018 to 31st August 2019 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 Multi-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 Multi-Academy Trust's significant risks that has been in place for the year ending 31st August 2019 and up to the date of approval of the annual report and financial statements.

#### The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Chairman and CEO of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

# HATTON ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Baldwins Audit Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of income systems
- testing of purchase systems
- testing of staff expenses
- testing of control account / bank reconciliations

The trustees are responsible for the design and selection of the internal checks and have agreed a pro-forma to be used for all future internal audit reviews. During the year, the quarterly checks were conducted and reports showed no significant issues. Other findings have been addressed as part of usual committee and trustee business.

On a quarterly basis the auditor reports to the board of the trustees, through the Finance and Audit committee on the operations of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Trust considers that the internal auditor has delivered their schedule of work as planned, with no material control issues arising as a result of their work.

### Review of effectiveness

As accounting officer the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- internal audit checks;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Director of Finance and Operations and the Trust finance team who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on .....17/12/19..... and signed on its behalf by:

*W.A. Thallon*

Mr WA Thallon  
Chairman

*R Hardcastle*

Mr R Hardcastle  
CEO and Accounting Officer

# HATTON ACADEMIES TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

*FOR THE YEAR ENDED 31 AUGUST 2019*

---

As accounting officer of Hatton Academies 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 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Mr R Hardcastle  
Accounting Officer

17.12.19

# HATTON ACADEMIES TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

The trustees (who are also the directors of Hatton Academies Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

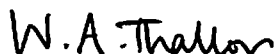
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 17 Dec 2019 and signed on its behalf by:



Mr W A Thallon  
Chairman

# HATTON ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HATTON ACADEMIES TRUST

*FOR THE YEAR ENDED 31 AUGUST 2019*

---

### Opinion

We have audited the accounts of Hatton Academies Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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 the Academies Accounts Direction 2018 to 2019.

### 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 accounts' 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 accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

### Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# HATTON ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HATTON ACADEMIES TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### **Opinions 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 including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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 accounts 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, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# HATTON ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HATTON ACADEMIES TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### Use of our report

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



Mrs Caroline Armstrong (Senior Statutory Auditor)  
for and on behalf of Baldwins Audit Services

20<sup>th</sup> December 2019.

**Statutory Auditor**

Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL



# HATTON ACADEMIES TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HATTON ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

*FOR THE YEAR ENDED 31 AUGUST 2019*

---

In accordance with the terms of our engagement letter dated 19 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hatton Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hatton Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hatton Academies Trust and 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 Hatton Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Hatton Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hatton Academies Trust's funding agreement with the Secretary of State for Education dated 30 April 2014 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 period 1 September 2018 to 31 August 2019 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 2018 to 2019 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:

- Assessment of the internal audit work and reliance placed upon this work for the review of internal control procedures
- Further testing of the internal control procedures has been carried out in the following areas:
  - Sample test of delegated authority procedures
  - Enquiry and review of transactions with connected persons
  - Review of governance procedures including inspection of trustee and relevant Board minutes
  - Sample test of procurement procedures
- Communication with the accounting officer

# HATTON ACADEMIES TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HATTON ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

---

### 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 period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baldwins*

Reporting Accountant  
Baldwins Audit Services  
Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL

Dated: *20<sup>th</sup> December 2019.*

# HATTON ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	49	158	207	3,590
Charitable activities:						
- Funding for educational operations	4	225	11,778	-	12,003	11,729
- Funding for teaching school	29	-	52	-	52	65
Other trading activities	5	60	31	-	91	159
Investments	6	11	-	-	11	5
<b>Total</b>		<u>296</u>	<u>11,910</u>	<u>158</u>	<u>12,364</u>	<u>15,548</u>
<b>Expenditure on:</b>						
Raising funds	7	-	31	-	31	30
Charitable activities:						
- Educational operations	9	137	12,560	376	13,073	12,587
- Teaching school	29	-	53	-	53	64
<b>Total</b>	7	<u>137</u>	<u>12,644</u>	<u>376</u>	<u>13,157</u>	<u>12,681</u>
<b>Net income/(expenditure)</b>		159	(734)	(218)	(793)	2,867
Transfers between funds	20	-	89	(89)	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(1,531)	-	(1,531)	885
<b>Net movement in funds</b>		159	(2,176)	(307)	(2,324)	3,752
<b>Reconciliation of funds</b>						
Total funds brought forward		236	(2,015)	20,957	19,178	15,426
<b>Total funds carried forward</b>		<u>395</u>	<u>(4,191)</u>	<u>20,650</u>	<u>16,854</u>	<u>19,178</u>

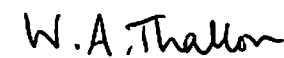
# HATTON ACADEMIES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		20,203		17,918
<b>Current assets</b>					
Stocks	15	9		13	
Debtors	16	536		3,383	
Cash at bank and in hand		2,089		1,512	
		<u>2,634</u>		<u>4,908</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	(1,568)		(1,159)	
<b>Net current assets</b>			1,066		3,749
<b>Total assets less current liabilities</b>			<u>21,269</u>		<u>21,667</u>
Creditors: amounts falling due after more than one year	18		(17)		(19)
<b>Net assets excluding pension liability</b>			<u>21,252</u>		<u>21,648</u>
Defined benefit pension scheme liability	22		(4,398)		(2,470)
<b>Net assets</b>			<u>16,854</u>		<u>19,178</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	20				
- Fixed asset funds			20,650		20,957
- Restricted income funds			207		455
- Pension reserve			(4,398)		(2,470)
<b>Total restricted funds</b>			<u>16,459</u>		<u>18,942</u>
Unrestricted income funds	20		395		236
<b>Total funds</b>			<u>16,854</u>		<u>19,178</u>

The accounts were approved by the trustees and authorised for issue on 17 Dec 2019 and are signed on their behalf by:



Mr WA Thallon  
Chairman

Company Number 07949111

# HATTON ACADEMIES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

---

	Notes	2019 £'000	£'000	2018 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash (used in)/provided by operating activities	23		(317)		249
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		11		5	
Capital grants from DfE Group		2,891		240	
Capital funding received from sponsors and others		-		418	
Purchase of tangible fixed assets		(2,005)		(518)	
<b>Net cash provided by investing activities</b>			<b>897</b>		<b>145</b>
<b>Cash flows from financing activities</b>					
Repayment of Salix loan		(3)		-	
<b>Net cash used in financing activities</b>			<b>(3)</b>		<b>-</b>
<b>Net increase in cash and cash equivalents in the reporting period</b>			<b>577</b>		<b>394</b>
Cash and cash equivalents at beginning of the year			1,512		1,118
<b>Cash and cash equivalents at end of the year</b>			<b>2,089</b>		<b>1,512</b>

---

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

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

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

#### 1.1 Basis of preparation

The accounts 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hatton Academies Trust meets the definition of a public benefit entity under FRS 102.

#### 1.2 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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

#### 1.3 Basis of consolidation

The financial statements contain information about Hatton Academies Trust as an individual charitable company and do not contain consolidated financial information as the parent of a group. In the Trustees' opinion the results of the subsidiary are not material to an understanding of the Academy Trust's financial statements as in accordance with S402(2) of Companies Act 2006 and 19(1)(a) of the Charities (Accounts and Reports) Regulations 2008.

#### 1.4 Income

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

##### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised 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.

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### Sponsorship income

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

#### Donations

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

#### Other income

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

#### Donated goods, facilities and services

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

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

The Academy Trust has entered into 125 year leases with Northamptonshire County Council for the former Victoria Primary School, Oakway Primary School and Ecton Village Primary School's land and buildings. The rental charge under these lease is a peppercorn. Substantially all the risks and rewards incidental to ownership are assumed by the Academy Trust and therefore the leases are treated as finance lease and the assets capitalised and depreciated over the period of the leases, in accordance with the tangible fixed assets accounting policy below.

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### Charitable activities

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

#### 1.6 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, (which is included at a value of £2.4 million), assets in the course of construction (which are included at cost and depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings) and software licences which have an indefinite life (£11,010), at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings	Buildings 2% of cost, land over the term of the lease
Freehold land and buildings	Buildings 2% of cost
Software and ICT equipment	10% or 33 1/3% of cost
Furniture and equipment	10% or 20% of cost
Assets in the course of construction	Nil - See above

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.

#### 1.7 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.

#### 1.8 Leased assets

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

#### 1.9 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.



# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

#### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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. 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.

#### 1.10 Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

#### 1.11 Taxation

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

#### 1.12 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. The 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 are 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.

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies (Continued)

#### 1.13 Fund accounting

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

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

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

Restricted pension reserve funds represent the Academy Trust's share of the assets and liabilities of the Local Government Pension Scheme.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	158	158	3,543
Other donations	-	49	49	47
	-----	-----	-----	-----
	-	207	207	3,590
	=====	=====	=====	=====

The income from donations and capital grants was £207,000 (2018: £3,590,000) of which £- was unrestricted (2018: £7,000), £49,000 was restricted (2018: £40,000) and £158,000 was restricted fixed assets (2018: £3,543,000).

Other donations within unrestricted funds include £Nil (2018: £7,000) gift aid from Hatton School Limited.

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	10,390	10,390	10,132
Other DfE group grants	-	959	959	945
	<u>-</u>	<u>11,349</u>	<u>11,349</u>	<u>11,077</u>
<b>Other government grants</b>				
Local authority grants	-	211	211	286
	<u>-</u>	<u>211</u>	<u>211</u>	<u>286</u>
<b>Other funding</b>				
Other incoming resources	225	218	443	366
	<u>225</u>	<u>218</u>	<u>443</u>	<u>366</u>
<b>Total funding</b>	<u>225</u>	<u>11,778</u>	<u>12,003</u>	<u>11,729</u>

The income from funding for educational operations was £12,055,000 (2018: £11,729,000) of which £225,000 was unrestricted (2018: £170,000) and £11,830,000 was restricted (2018: £11,559,000).

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Catering income	4	-	4	3
Staff recharges	-	31	31	30
Other income	56	-	56	126
	<u>60</u>	<u>31</u>	<u>91</u>	<u>159</u>

The income from other trading activities was £91,000 (2018: £159,000) of which £60,000 was unrestricted (2018: £129,000) and £31,000 was restricted (2018: £30,000).

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	11	-	11	5
	<u>11</u>	<u>-</u>	<u>11</u>	<u>5</u>

The income from funding for investment income was £11,000 (2018: £5,000) of which £11,000 was unrestricted (2018: £5,000).

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds					
- Direct costs	31	-	-	31	30
Academy's educational operations					
- Direct costs	8,195	375	1,089	9,659	9,277
- Allocated support costs	1,755	809	850	3,414	3,310
Teaching school					
- Direct costs	17	-	3	20	27
- Allocated support costs	15	5	13	33	37
	<u>10,013</u>	<u>1,189</u>	<u>1,955</u>	<u>13,157</u>	<u>12,681</u>

The expenditure on raising funds was £31,000 (2018: £30,000) of which £31,000 was restricted (2018: £30,000).

Net income/(expenditure) for the year includes:	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	12	12
- Other services	2	4
Operating lease rentals	20	22
Depreciation of tangible fixed assets	376	352
Net interest on defined benefit pension liability	73	77
	<u>483</u>	<u>467</u>

### 8 Central services

The academy trust has provided the following central services to its academies during the year:

#### Back office functions

- Accounting services
- Human resources
- Payroll
- ICT services
- Facilities advisory
- Insurance services
- Staff cover
- Health and safety audits
- Administration support

#### Teaching and Learning

- Principal - Leadership and management
- Science specialist teaching years 5 and 6
- MDL Specialist teaching and support years 5 and 6
- Specialist PE teaching
- Specialist Music support
- Safeguarding support

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Central services

(Continued)

The academy trust charges for these services on a fair share based on approximately 6% of each academies' General Annual Grant (GAG) income. In previous years the charge was based on pupil numbers.

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Sir Christopher Hatton Academy	-	-
Victoria Primary Academy	91	82
Oakway Academy	146	146
Ecton Village Primary School	22	25
	<u>259</u>	<u>253</u>

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>				
Educational operations	-	9,659	9,659	9,277
Teaching school	-	20	20	27
<b>Support costs</b>				
Educational operations	137	3,277	3,414	3,310
Teaching school	-	33	33	37
	<u>137</u>	<u>12,989</u>	<u>13,126</u>	<u>12,651</u>

The expenditure on educational operations was £13,073,000 (2018: £12,587,000) of which £137,000 was unrestricted (2018: £105,000), £12,560,000 was restricted (2018: £12,130,000) and £376,000 was restricted fixed assets (2018: £352,000).

The expenditure on teaching school was £53,000 (2018: £64,000) of which £53,000 was restricted (2018: £64,000).

	Teaching school £'000	Educational operations £'000	Total 2019 £'000	Total 2018 £'000
<b>Analysis of support costs</b>				
Support staff costs	15	1,755	1,770	1,810
Technology costs	-	269	269	210
Premises costs	5	808	813	668
Other support costs	13	568	581	475
Governance costs	-	14	14	184
	<u>33</u>	<u>3,414</u>	<u>3,447</u>	<u>3,347</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	7,556	7,173
Social security costs	701	670
Pension costs	1,526	1,510
	<hr/>	<hr/>
Amounts paid to employees	9,783	9,353
Agency staff costs	174	363
Staff restructuring costs	56	4
	<hr/>	<hr/>
Total staff expenditure	10,013	9,720
	<hr/> <hr/>	<hr/> <hr/>

Staff restructuring costs comprise:

Redundancy payments	5	4
Severance payments	51	-
	<hr/>	<hr/>
	56	4
	<hr/> <hr/>	<hr/> <hr/>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £50,712 (2018: £Nil). Individually, the payments were: £47,327 made in May 2019 and £3,385 made in September 2019.

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	161	128
Administration and support	184	174
Management	10	7
	<hr/>	<hr/>
	355	309
	<hr/> <hr/>	<hr/> <hr/>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

(Continued)

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	4	2
£70,001 - £80,000	3	3
£80,001 - £90,000	1	-
£180,001 - £190,000	1	1
	<u>          </u>	<u>          </u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £819,000 (2018: £703,000).

### 11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an 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 services as trustees.

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

S V Bishop (executive principal to 31 May 2019):

- Remuneration, including termination payments £185,000 - £190,000 (2018: £185,000 - £190,000)
- Employer's pension contributions £Nil (2018: £Nil)

C Hinds (staff):

- Remuneration £70,000 - £75,000 (2018: £70,000 - £75,000)
- Employer's pension contributions £Nil (2018: £Nil)

R Hardcastle (acting executive principal from 7 June 2019):

- Remuneration £20,000 - £25,000 (2018: N/A)
- Employer's pension contributions £Nil - £5,000 (2018: N/A)

During the year, travel and subsistence payments totalling £2,918 (2018: £2,061) were reimbursed or paid directly to 2 trustees (2018: 2 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

### 12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 aggregate liability in any one period and the cost for the year ended 31 August 2019 was included within the overall Professional Indemnity premium of £1,266 (2018: £2,889). The cost of this insurance is included in the total insurance cost.

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Leasehold land and buildings	Freehold land and buildings	Software and ICT equipment	Furniture and equipment	Assets in the course of constructio n	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2018	6,776	12,219	443	2,628	449	22,515
Additions	-	-	80	32	2,549	2,661
At 31 August 2019	6,776	12,219	523	2,660	2,998	25,176
<b>Depreciation</b>						
At 1 September 2018	456	1,258	432	2,451	-	4,597
Charge for the year	132	197	19	28	-	376
At 31 August 2019	588	1,455	451	2,479	-	4,973
<b>Net book value</b>						
At 31 August 2019	6,188	10,764	72	181	2,998	20,203
At 31 August 2018	6,320	10,961	11	177	449	17,918

The net book value of land and buildings comprises:

	2019 £'000	2018 £'000
Freeholds	10,764	10,961
Long leaseholds (over 50 years)	6,188	6,320
	16,952	17,281

Transactions relating to land and buildings during the year include the construction costs incurred of £2,549,000 (2018: £449,000) in respect of a new freehold classroom building at Sir Christopher Hatton Academy. This asset is shown within assets in the course of construction above.

The long leasehold land and buildings are held under 125 year leases with Northamptonshire County Council, who are the legal owners of the property.

### 14 Fixed asset investments

	Total
Historical cost:	£
At 31 August 2019	1
At 31 August 2018	1



# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 14 Fixed asset investments

(Continued)

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Hatton School Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activities	Capital and reserves £'000	Profit/(loss) for the year £'000
Hatton School Limited	Hire of sports and business facilities and sale of uniform	10	10

The investment is shown in the balance sheet at cost. The Trustees have not prepared group accounts as they are of the opinion that the results of the subsidiary are not material to an understanding of the Academy Trust's financial statements in accordance with S402 (2) of Companies Act 2006 and 19(1)(a) of the Charities (Accounts and Reports) Regulations 2008.

The audit report for Hatton School Limited for the year ended 31st August 2019 is unmodified.

### 15 Stocks

	2019 £'000	2018 £'000
School uniform	7	9
Catering stock	2	4
	<u>9</u>	<u>13</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

<b>16 Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	28	10
VAT recoverable	98	173
Amounts owed by group undertakings	42	58
Other debtors	4	3
Prepayments and accrued income	364	3,139
	<u>536</u>	<u>3,383</u>
	<u><u>536</u></u>	<u><u>3,383</u></u>
<b>Amounts included above which fall due after more than one year:</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments and accrued income	-	152
	<u>-</u>	<u>152</u>
	<u><u>-</u></u>	<u><u>152</u></u>
<b>17 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Government loans	3	3
Trade creditors	437	365
Other taxation and social security	174	169
Other creditors	158	148
Accruals and deferred income	796	474
	<u>1,568</u>	<u>1,159</u>
	<u><u>1,568</u></u>	<u><u>1,159</u></u>
<b>18 Creditors: amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Government loans	17	19
	<u>17</u>	<u>19</u>
	<u><u>17</u></u>	<u><u>19</u></u>

---

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

		(Continued)
18	Creditors: amounts falling due after more than one year	2019 2018
	<b>Analysis of loans</b>	
	Not wholly repayable within five years by instalments	6 7
	Wholly repayable within five years	14 15
		<u>20</u> <u>22</u>
	Less: included in current liabilities	(3) (3)
	Amounts included above	<u>17</u> <u>19</u>
	<b>Loan maturity</b>	
	Debt due in one year or less	3 3
	Due in more than one year but not more than two years	3 3
	Due in more than two years but not more than five years	8 8
	Due in more than five years	6 8
		<u>20</u> <u>22</u>

Government loans comprise a Salix loan from ESFA which is interest free and repayable in sixteen equal instalments payable over the remaining 7 years of the loan as at 31 August 2019.

19	Deferred income	2019 £'000	2018 £'000
	Deferred income is included within:		
	Creditors due within one year	172	145
		<u>172</u>	<u>145</u>
	Deferred income at 1 September 2018	145	157
	Released from previous years	(145)	(157)
	Resources deferred in the year	172	145
		<u>172</u>	<u>145</u>
	<b>Deferred income at 31 August 2019</b>	<u>172</u>	<u>145</u>

At the balance sheet date the academy trust was holding funds received in advance for free school meals and other income in respect of the year ended 31st August 2020.

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	454	10,390	(10,726)	89	207
Other DfE / ESFA grants	-	959	(959)	-	-
Other government grants	-	211	(211)	-	-
Teaching school	1	52	(53)	-	-
Other restricted funds	-	298	(298)	-	-
Pension reserve	(2,470)	-	(397)	(1,531)	(4,398)
	<u>(2,015)</u>	<u>11,910</u>	<u>(12,644)</u>	<u>(1,442)</u>	<u>(4,191)</u>
<b>Restricted fixed asset funds</b>					
Fixed assets	17,917	-	(376)	2,661	20,202
DfE / ESFA / LA capital grants	3,040	158	-	(2,750)	448
	<u>20,957</u>	<u>158</u>	<u>(376)</u>	<u>(89)</u>	<u>20,650</u>
<b>Total restricted funds</b>	<u>18,942</u>	<u>12,068</u>	<u>(13,020)</u>	<u>(1,531)</u>	<u>16,459</u>
<b>Unrestricted funds</b>					
General funds	236	296	(137)	-	395
	<u>236</u>	<u>296</u>	<u>(137)</u>	<u>-</u>	<u>395</u>
<b>Total funds</b>	<u>19,178</u>	<u>12,364</u>	<u>(13,157)</u>	<u>(1,531)</u>	<u>16,854</u>

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

Restricted General Funds represent unspent General Annual Grant (GAG), which must be used for the normal recurring costs of the Academy Trust together with other restricted general funds. During the year £89,000 was transferred from Restricted Fixed Asset Funds representing revenue maintenance expenditure incurred from capital income (Devolved Formula Capital and Healthy Pupil Capital income) during the year.

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended. Restricted Fixed Asset Funds comprise the Net Book Value of Fixed Assets of £20.2 million and unspent capital grants totalling £0.45 million which have been committed to specific capital projects still to be completed.

Restricted Pension Reserve Funds represent the academy trust's share of the assets and liabilities of the Local Government Pension Scheme.

Unrestricted funds represent funds that have been earmarked for academy business that does not fall within the restricted funds above.

Under the funding agreement with the Secretary of State the academy trust is not subject to a limit on the amount of GAG that it can carry forward at 31st August 2019.

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Funds

(Continued)

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	186	10,131	(10,225)	362	454
Other DfE / ESFA grants	-	945	(945)	-	-
Other government grants	-	286	(286)	-	-
Teaching school	-	65	(64)	-	1
Other restricted funds	-	267	(267)	-	-
Pension reserve	(2,918)	-	(437)	885	(2,470)
	<u>(2,732)</u>	<u>11,694</u>	<u>(12,224)</u>	<u>1,247</u>	<u>(2,015)</u>
<b>Restricted fixed asset funds</b>					
Fixed assets	17,751	-	(352)	518	17,917
DfE / ESFA / LA capital grants	13	3,543	-	(516)	3,040
	<u>17,764</u>	<u>3,543</u>	<u>(352)</u>	<u>2</u>	<u>20,957</u>
<b>Total restricted funds</b>	<u>15,032</u>	<u>15,237</u>	<u>(12,576)</u>	<u>1,249</u>	<u>18,942</u>
<b>Unrestricted funds</b>					
General funds	394	311	(105)	(364)	236
	<u>394</u>	<u>311</u>	<u>(105)</u>	<u>(364)</u>	<u>236</u>
<b>Total funds</b>	<u>15,426</u>	<u>15,548</u>	<u>(12,681)</u>	<u>885</u>	<u>19,178</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Funds

(Continued)

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	186	20,521	(20,951)	451	207
Other DfE / ESFA grants	-	1,904	(1,904)	-	-
Other government grants	-	497	(497)	-	-
Teaching school	-	117	(117)	-	-
Other restricted funds	-	565	(565)	-	-
Pension reserve	(2,918)	-	(834)	(646)	(4,398)
	<u>(2,732)</u>	<u>23,604</u>	<u>(24,868)</u>	<u>(195)</u>	<u>(4,191)</u>
<b>Restricted fixed asset funds</b>					
Fixed assets	17,751	-	(728)	3,179	20,202
DfE / ESFA / LA capital grants	13	3,701	-	(3,266)	448
	<u>17,764</u>	<u>3,701</u>	<u>(728)</u>	<u>(87)</u>	<u>20,650</u>
<b>Total restricted funds</b>	<u>15,032</u>	<u>27,305</u>	<u>(25,596)</u>	<u>(282)</u>	<u>16,459</u>
<b>Unrestricted funds</b>					
General funds	394	607	(242)	(364)	395
	<u>394</u>	<u>607</u>	<u>(242)</u>	<u>(364)</u>	<u>395</u>
<b>Total funds</b>	<u>15,426</u>	<u>27,912</u>	<u>(25,838)</u>	<u>(646)</u>	<u>16,854</u>

#### Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
Sir Christopher Hatton Academy	387	553
Victoria Primary Academy	46	1
Oakway Academy	128	111
Ecton Village Primary School	41	26
	<u>602</u>	<u>691</u>
Total before fixed assets fund and pension reserve	602	691
Restricted fixed asset fund	20,650	20,957
Pension reserve	(4,398)	(2,470)
	<u>16,854</u>	<u>19,178</u>
Total funds	<u>16,854</u>	<u>19,178</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Funds

(Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£'000	£'000	£'000	£'000	£'000
Sir Christopher Hatton Academy	4,840	1,133	273	1,392	7,638
Victoria Primary Academy	1,208	217	32	299	1,756
Oakway Academy	1,856	415	64	574	2,909
Ecton Village Primary School	308	34	16	120	478
	<u>8,212</u>	<u>1,799</u>	<u>385</u>	<u>2,385</u>	<u>12,781</u>

### 21 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	20,203	20,203
Current assets	395	1,136	1,103	2,634
Creditors falling due within one year	-	(912)	(656)	(1,568)
Creditors falling due after one year	-	(17)	-	(17)
Defined benefit pension liability	-	(4,398)	-	(4,398)
<b>Total net assets</b>	<u>395</u>	<u>(4,191)</u>	<u>20,650</u>	<u>16,854</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	17,918	17,918
Current assets	236	1,358	3,314	4,908
Creditors falling due within one year	-	(884)	(275)	(1,159)
Creditors falling due after one year	-	(19)	-	(19)
Defined benefit pension liability	-	(2,470)	-	(2,470)
<b>Total net assets</b>	<u>236</u>	<u>(2,015)</u>	<u>20,957</u>	<u>19,178</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 22 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 Northamptonshire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £147,928 (2018: £140,129) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)



# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 22 Pension and similar obligations

(Continued)

#### Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £816,000 (2018: £770,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in 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 contributions are as noted below. The agreed contribution rates for future years are 18.4 to 24.6% for employers and 5.5 to 12.5% 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.

Total contributions made	2019 £'000	2018 £'000
Employer's contributions	381	377
Employees' contributions	108	101
Total contributions	<u>489</u>	<u>478</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 22 Pension and similar obligations (Continued)

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3
Commutation of pensions to lump sums - Pre April 2008 service	50	50
Commutation of pensions to lump sums - Post April 2008 service	75	75

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

	2019 Years	2018 Years
Retiring today		
- Males	21.2	22.1
- Females	23.3	24.2
Retiring in 20 years		
- Males	22.3	23.9
- Females	24.7	26.1

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £'000	2018 £'000
Discount rate + 0.1%	(276)	(196)
Discount rate - 0.1%	276	196
Mortality assumption + 1 year	198 to 329	172 to 286
Mortality assumption - 1 year	(198) to (329)	(172) to (286)
CPI rate + 0.1%	236	164
CPI rate - 0.1%	(236)	(164)

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

	2019 Fair value £'000	2018 Fair value £'000
Equities	3,555	3,159
Bonds	841	639
Cash	99	129
Property	443	342
Total market value of assets	4,938	4,269

The actual return on scheme assets was £222,000 (2018: £205,000).

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 22 Pension and similar obligations

(Continued)

#### Amount recognised in the Statement of Financial Activities

2019  
£'000

2018  
£'000

Current service cost	676	737
Past service cost	29	-
Interest income	(126)	(96)
Interest cost	199	173
	<u>778</u>	<u>814</u>

#### Changes in the present value of defined benefit obligations

2019  
£'000

2018  
£'000

At 1 September 2018	6,739	6,548
Current service cost	676	737
Interest cost	199	173
Employee contributions	108	101
Actuarial loss/(gain)	1,627	(776)
Benefits paid	(42)	(44)
Past service cost	29	-
	<u>9,336</u>	<u>6,739</u>

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

2019  
£'000

2018  
£'000

At 1 September 2018	4,269	3,630
Interest income	126	96
Actuarial gain	96	109
Employer contributions	381	377
Employee contributions	108	101
Benefits paid	(42)	(44)
	<u>4,938</u>	<u>4,269</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 23 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £'000	2018 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(793)	2,867
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(158)	(3,543)
Investment income receivable	(11)	(5)
Defined benefit pension costs less contributions payable	324	360
Defined benefit pension net finance cost	73	77
Depreciation of tangible fixed assets	376	352
Decrease/(increase) in stocks	4	(3)
Decrease/(increase) in debtors	116	(105)
(Decrease)/increase in creditors	(248)	249
<b>Net cash (used in)/provided by operating activities</b>	<b>(317)</b>	<b>249</b>

### 24 Contingent liabilities

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

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

- the value at that time of the Academy Trust site and premises and other assets held for the purpose of the Academy Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 25 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	21	10
Amounts due in two and five years	44	14
	<u>65</u>	<u>24</u>

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 26 Capital commitments

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the accounts	214	2,762

### 27 Related party transactions

Owing to the nature of the academy trust's operations 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

#### Hatton School Limited - The Academy Trust's subsidiary

- At the year end debtors include £42,415 (2018: £58,476) due from the subsidiary.
- The academy trust recharged staff costs and other expenses totalling £30,572 (2018: £32,413) to the subsidiary.
- The subsidiary agreed to gift £Nil (2018: £6,554) to the academy trust.
- The subsidiary has a loan of £22,863 (2018: £40,624) owing to the academy trust.

#### Tomkins Robinson Surveyors Limited - A company in which D Morris (Trustee) is a director

- The company provided services totalling £16,274 (2018: £21,033) to the trust and there was no balance outstanding at the balance sheet date (2018: £Nil).
- The trust made these transaction at arm's length in accordance with its financial regulations, which Mr D Morris neither participated in, nor influenced, and the transaction were at no more than cost.

#### RB Travel - A business managed by S Dawson (Trustee)

- The business provided services totalling £9,230 (2018: £7,635) to the trust and there was no balance outstanding at the balance sheet date (2018: £Nil).
- The trust made these transaction at arm's length in accordance with its financial regulations, which Mr S Dawson neither participated in, nor influenced.

#### Change Learning Limited - A company owned by T Kendrick (Member to 18 January 2019)

- The company provided services totalling £Nil (2018: £1,500) to the trust and there was no balance outstanding at the balance sheet date (2018: £Nil).
- The trust made these transaction at arm's length in accordance with its financial regulations, which Mr T Kendrick neither participated in, nor influenced.

#### Other transactions with trustees

- During the year across the Trust, three close family members of trustees were employed in teaching positions. The employments were subject to normal Trust procedures which include advertising, interviewing and national pay scale. The total salary paid to these family members was £65,442 (2018: £90,013) and associated employer's pension contributions totalled £10,618 (2018: £12,072).

### 28 Members' liability

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

# HATTON ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

29 Teaching school trading account	2019		2018	
	£'000	£'000	£'000	£'000
<b>Direct income</b>				
Other income		52		65
<b>Direct costs</b>				
Direct staff costs	17		12	
Other direct costs	3		15	
<b>Total income</b>	<u>20</u>		<u>27</u>	
<b>Other costs</b>				
Support staff costs	15		25	
Maintenance of premises and equipment	5		5	
Security	-		1	
Catering	1		2	
Other support costs	12		4	
	<u>33</u>		<u>37</u>	
<b>Total operating costs</b>		(53)		(64)
<b>(Deficit)/surplus from teaching school</b>		<u>(1)</u>		<u>1</u>
Teaching school balances at 1 September 2018		1		-
<b>Teaching school balances at 31 August 2019</b>		<u>-</u>		<u>1</u>

---