

REGISTERED COMPANY NUMBER: 07791933 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017
FOR**

THE HART SCHOOLS TRUST LIMITED

Wags LLP t/a Wagstaffs
Chartered Accountants and Statutory Auditors
Richmond House
Walkern Road
Stevenage
Hertfordshire
SG1 3QP

THE HART SCHOOLS TRUST LIMITED
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FOR THE YEAR ENDED 31ST AUGUST 2017

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THE HART SCHOOLS TRUST LIMITED

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31ST AUGUST 2017**

TRUSTEES	A B Simmons (Chair) G Cleverdon (Vice-Chair) K Davies (CEO of Sponsor) (appointed 06/12/2017) M C J Lewis (Managing Director & Accounting Officer) J J E Ellam G Phillips J Winterbone S Marshman (appointed 01/07/2017) V Parsey (appointed 01/04/2017) A R Hawkins (resigned 05/10/2016) M Hamnett (resigned 07/12/2017)
COMPANY SECRETARY	R M Dale
REGISTERED OFFICE	Thomas Alleyne Academy High Street Stevenage SG1 3BE
REGISTERED COMPANY NUMBER	07791933 (England and Wales)
AUDITORS	Wags LLP t/a Wagstaffs Chartered Accountants and Statutory Auditors Richmond House Walkern Road Stevenage Hertfordshire SG1 3QP

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

The Trustees present their report and audited financial statements of the charity for the year ended 31st August 2017.

The Trustees have adopted the provisions of 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) and the Academies Accounts Direction issued by the Education and Skills Funding Agency (ESFA). The names of those serving as Trustees of the charity are listed on page 1.

LEGAL STATUS

The Trust is a company limited by guarantee and an exempt charity with no share capital (registration no 07791933). The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trust's charitable regulator is the ESFA.

MISSION

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

The main objectives of the Trust are summarised below:

- to work with all members of the Hart Learning Group to add social and economic value to individuals, businesses and the community through learning,
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievements of all pupils,
- to improve the effectiveness of the Schools by keeping the curriculum and organisational structure under continual review, to provide value for money for the funds expended, and to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct the Schools' business in accordance with the highest standards of integrity, probity and openness.

PUBLIC BENEFIT

The principal activity of the Trust is to advance for the public benefit, education in the United Kingdom, by establishing and developing schools offering a broad curriculum.

In setting and reviewing strategic objectives, the Trustees have paid due regard to the Charity Commission's guidance on public benefit and particularly to its supplementary guidance on the advancement of education. This requires that all organisations wishing to be recognised as charities must show, explicitly, that their aims are for public benefit.

The Trustees believe that our mission is consistent with the guidance on providing public benefit. Students are drawn from the local community and provision is made to support those who are disadvantaged.

In delivering our mission, we provide the following identifiable public benefits:

- Teaching, learning and assessment for young people.
- Strong working relationships with local businesses, who actively support and engage with the courses we deliver for our students - including through the provision of high quality work experience placements.
- Support to help students consider and secure progression opportunities.
- Wider pastoral care for students, underpinned by strong working relationships with relevant partner organisations across the public sector.

The way in which we deliver such benefits is described throughout this report.

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

OPERATING STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trust works closely with the Hart Learning Group (the trading name for North Hertfordshire College Further Education Corporation).

Trust Schools

During the period ended 31st August 2017, the Trust supported four schools:

- The Thomas Alleyne Academy
- The Da Vinci Studio School for Science and Engineering, Stevenage
- The Da Vinci Studio School for Creative Enterprise, Letchworth Garden City
- The Roebuck Academy, Stevenage (from 1 July 2017).

Each school is supported by a local governing body (LGB) including governors drawn from the parent body, local community and school staff, chaired by a Trustee.

The two Da Vinci Studio schools closed at the end of the academic year and funding agreements with the Department for Education were terminated on 31 August 2017.

Central services

The Trust receives support from the Hart Learning Group's corporate service functions on the basis of a service level agreement whose quality and value for money is regularly reviewed by the Trust Board and Audit Committee.

Members

Members of the charitable company are nominated either by the Hart Learning Group (the Trust's Sponsor) or by the Secretary of State for Education. The names of the Members of the Company are shown on page 1 together, where appropriate, with their dates of appointment and/or resignation.

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

Scheme of Government

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State. 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, and that the curriculum should comply with the substance of the national curriculum with an emphasis science and technology and their practical applications.

Appointment of Directors

The Articles of Association require the Members of the charitable company to appoint at least five directors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Schools under its care.

The Directors of the charitable company are directors for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

The Directors' term of office is four years, although this time limit does not apply to the Managing Director or the Chief Executive Officer of the sponsor. Any Director may be re-appointed or re-elected three times so that the maximum possible total time in office as a director (except for the Managing Director and the Chief Executive Officer) is 12 years.

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

Induction and Development

Training and induction provided for new Directors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Directors will be given a tour of the Schools and the chance to meet staff and students. All Directors are given copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are not many new directors in a year, induction tends to be done informally and is tailored specifically to the individual.

Recruitment of Directors/Trustees and local governors

Procedures governing the appointment of Directors are contained in the Articles of Association registered with Companies House. The nomination of new or additional governors is considered by the Trustees as a group.

Appointments of parent and staff governors to individual LGBs are made by election, with a secret ballot if there are more applicants than vacancies.

The number of staff and parent governors required is set out in the Terms of Reference for LGBs.

STRATEGIC PLAN

The Trust's Strategic Plan sets key targets in the areas of teaching, value added activities and identity in order to achieve its vision.

When we agreed our five-year strategy in summer 2015 we re-committed to working with schools in the communities we serve. We set the ambition that the Trust would grow to support between 15 and 20 primary and secondary schools by 2020. In doing so, we understood that:

- Adding value to schools and their students is far more important than growing the Trust. We would rather work with fewer schools but ensure that our support makes a real difference.
- School improvement and curriculum collaboration between the Trust and its sponsor should be the key focus for the relationship, rather than the simple provision of shared services.
- Our strong preference is to expand the trust through tightly defined geographic clusters, rather than by embracing new schools from across a wider area. We believe that this approach will enable us to add more value, and foster more impactful collaboration both within the Trust and between the schools, North Hertfordshire College and Hart Learning & Development Ltd.
- We have therefore focussed our discussions on schools in the Stevenage area. We have been keen to talk to both primary and secondary schools, given the improvements we believe we can deliver by better integrating and managing transition between Key Stages.

Progress towards achieving these goals is described in detail in other sections of the Financial Statements. This section highlights areas in which the School carried out its activities for the public benefit during the year in furtherance of its objects and its mission.

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

RISK MANAGEMENT

The directors have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust and its schools, and its finances. The directors have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the following statement. Work will continue to improve the management of risks within the framework established by the directors.

STRATEGIC REPORT

Achievement and performance

Charitable activities

PRIMARY

Roebuck Academy

- Early years foundation stage results at Roebuck are above national average, but progress measures at Key Stage 2 will place the school at risk of coasting status. Targets have been set to ensure attainment and progress at all stages are at least at national average expectations. A Year 6 coasting action plan has been produced to address this in 2017/18.

KEY STAGE 4 (GCSE)

Thomas Alleyne Academy

- GCSE results at TAA showed significant improvements and exceeded expectations. Attainment in English, Maths and Science were above national average with a cohort which had been below national average ability on entry.
- Progress scores showed an improvement on last year as well. The Progress 8 is -0.41 (-0.44 in 2016). We are very pleased that Maths is now showing a positive score of 0.04. English has shown a slight improvement to -0.47, but further work is needed to address the progress of disadvantaged and more able students.

The table below gives further detail about the Thomas Alleyne GCSE results:

Subject	TAA 2017	National Av 2017	TAA 2016 (A*-C)	National Av 2016
KS2 APS on entry	28.4	28.5	26.6	27.6
English Language 4+	73.1	66.3	53.9	60.2
English Literature 4+	67.9	72.0	54.0	75.1
Best of lang/lit 4+	75.0		59.0	
Maths 4+	75.6	68.9	58.0	60.2
English/Maths 4+	65.0		49.0	62.0
English/Maths 5+	41.0	35.0		
Two good sciences	52.0	48.0	55.0	64.0

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

STRATEGIC REPORT

Achievement and performance

Charitable activities

Da Vinci Studio Schools

- The Da Vinci Schools also achieved their best ever GCSE results in their summer examinations, with the number of students achieving grades 4+ in English and Maths increasing by 16% in Da Vinci Creative and 7% in Da Vinci Science and Engineering.
- Both schools had very small cohorts of particularly challenging students. Although low by national standards, the schools' results represent good outcomes for these students.

A-LEVEL

Thomas Alleyne Academy

A-Level results showed further improvements in the number of students achieving grades A*-B (36% - up from 27% in 2016) and 99% of grades were awarded at A*-E. The average grade per entry was grade C (up from grade D in 2016) while the average points score per entry was 28.54 (up from 20.68 in 2016). All students are expected to progress to their chosen destinations.

MANAGING THE CLOSURE OF THE DA VINCI SCHOOLS

- Despite real challenges to have in place teams of capable, qualified and motivated staff, and to work within extremely tight resource constraints, both schools effectively managed the final year of operation at Da Vinci to ensure that students had a positive experience and achieved outcomes that reflected well on their progress and engagement.
- This approach has reflected the Group's values of quality and integrity.

A NEW TRUST SCHOOL

- On 1 July 2017, Roebuck Academy joined the HST. Prior to conversion, Roebuck was judged to be Good by Ofsted, but our due diligence process identified that there was a risk of a 'coasting school' judgement.
- The previous head-teacher was successful in applying for a new role at another school. This has enabled the Trust to recruit an excellent head from a London school who is keen to move the school forward.
- We are delighted to welcome our first primary school into the trust and are confident the foundations are in place to aspire to an outstanding judgement at Roebuck within the next three years. The conversion process was project managed effectively, with colleagues involved from across HLG Corporate Services teams. We have now built expertise to manage a pipeline of future conversions.

The table below shows the number of students in each year group across the Trust's schools in 2016/17.

	Thomas Alleyne	Da Vinci Science & Engineering	Da Vinci Creative Enterprise	Roebuck
Reception	-	-	-	58
Year 1	-	-	-	58
Year 2	-	-	-	30
Year 3	-	-	-	31

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STRATEGIC REPORT

Achievement and performance

Charitable activities

	Thomas Alleyne	Da Vinci Science & Engineering	Da Vinci Creative Enterprise	Roebuck
Year 4	-			30
Year 5	-	-	-	30
Year 6	-	-	-	30
Year 7	163	-	-	-
Year 8	158	-	-	-
Year 9	142	-	-	-
Year 10	159	-	-	-
Year 11	79	36	60	-
Year 12	23	-	-	-
Year 13	23	-	-	-

Financial review

Summary

The Trust operates within strict financial constraints, with income almost entirely derived from funding per pupil provided by the ESFA. Careful management of costs is essential in order to ensure the Trust continues to be financially sustainable.

Income and expenditure

Total income received in the accounting year to 31st August 2017 amounted to £15,612,494. These amounts and associated expenditure are shown between restricted funds and unrestricted funds in the statement of financial activities. Net incoming resources for the year were £4,739,994.

Investment policy

The cash balances currently held are due to grants received for the construction of the school, these are held for a relatively short period of time and would be called upon quickly, so cash is not currently invested in any long term account.

Reserves policy

The policy of the directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Trust whilst ensuring that excessive funds are not accumulated. Over the next three years, the directors aim to have accumulated suitable reserves in order to meet two months' budgeted academy expenditure. Through a combination of future government funding and financial support from sponsors, the directors are satisfied that the company's reserves will be sufficient for these purposes.

Going concern

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

Principal risks and uncertainties

The principal risks are:

- Achieving the right level of student recruitment and retention as income is based on student numbers. The number of students is reported to the Board on a regular basis; and

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

STRATEGIC REPORT

Principal risks and uncertainties

- The financial risks of running a multi-academy trust. Accounts are produced and presented to the Board, spending is adjusted according to recruitment, and shared services are used across the Trust.

Future plans

On 1 July 2017, Roebuck Primary School and Nursery joined the Trust, becoming Roebuck Academy. The school has c300 students aged 4 to 11 and incoming resources of £1.4m.

Judged to be Good by Ofsted in 2015, the school is well-placed to support the Trust in bringing other Primary schools through the conversion process and to be a focus for expertise in Early Years and Key Stages 1 and 2. The Trust has appointed a strong new Head teacher for 2017/18.

The conversion was well-managed, with support from the Hart Learning Group as part of the Central Services provision, and established a base of experience that can be used to support larger and more complex conversions in future.

The planned closure of the Trust's two studio schools was successfully completed over the summer of 2016/17, with the final GCSE cohort achieving the schools' best results. Although this was a difficult and demanding time for staff and students, the Trust believes that it was important and consistent with its values of Quality and Integrity to have ensured that students were not let down by closure.

We have enjoyed positive discussions with a number of local schools in an evolving environment. We expect those discussions to intensify after this summer's results, given the pressure that 'coasting' schools (those with three consecutive years' data below a DfE determined threshold) will come under to convert to academy status.

Our assumption is that two or more Stevenage schools will want to join the Trust either during 2017/18 or in advance of the 2018/19 academic year. The Trust Board will to make judgements about our capacity to embrace and add value to new schools as these opportunities arise.

With that in mind, we created a Trust-wide quality improvement role for 2017/18 - filled with an experienced member of our existing team. Furthermore, in summer 2016, we appointed a deputy head at TAA who is strong enough to lead the school on a day-to-day basis - permitting the Managing Director to focus on Trust performance and expansion.

Should the Trust have the opportunity to embrace more than two schools in 2017/18, the Trust's capacity to deliver conversions and add value to the schools in the way that we would want will be carefully considered.

THE HART SCHOOLS TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

AUDITORS

The auditors, Wags LLP t/a Wagstaffs, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on6/12/17..... and signed on the board's behalf by:



.....
M C J Lewis - Managing Director & Accounting Officer

THE HART SCHOOLS TRUST LIMITED
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

The following statement is provided to enable readers of this annual report and accounts to obtain a better understanding of the Trust's governance and legal structure. It covers the period from 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

The Trustees recognise that, as a body entrusted with both public and private funds, they have a particular duty to observe the highest standards of corporate governance at all times and so endeavour to conduct their business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- Having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the education sector.

We have not adopted and so do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice, including those aspects of the UK Corporate Governance Code we consider relevant to the education sector and best practice.

The Trust is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Directors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

GOVERNING COMMITTEES

The Board is responsible for setting policy and providing strategic direction to the business, and for monitoring and seeking assurance about progress and achievement.

As a body mainly composed of independent non-executive members, it is well-placed to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. To help it do so, the Board receives regular and timely information about performance including regular reports on: quality assurance and improvement; student attendance, retention and attainment; safeguarding; student and business feedback; financial performance; people-related matters; and, health, safety and environmental issues.

In 2016/17, the Board focussed on:

- Improving student outcomes, including attendance and behaviour.
- Successfully completing the conversion of Roebuck Academy.
- Ensuring that the closure of the two Studio Schools was successfully handled, including transferring property and assets to new educational uses.
- Holding conversations with other potential converting schools.
- Ensuring that the Trust remained financially sustainable.

The financial position was monitored closely by the Board during the year.

THE HART SCHOOLS TRUST LIMITED

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

Full minutes of all Board meetings, except those deemed confidential by the Board, are available from Robert Dale, Company Secretary at:
North Hertfordshire College
Cambridge Road
Hitchin
SG4 0JD

The Company Secretary maintains a register of financial and personal interests of the governors which is available for inspection at the above address.

THE TRUST BOARD

All governors can take independent professional advice about their duties at the Group's expense and have access to the Company Secretary, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Company Secretary are matters for the Board as a whole.

The members who served on the Board during the year and up to the date of signature of this report are listed in the table below.

Name	Role	Appointed	Term of office	Resigned	Board Meetings attended	Other committees supported
A B Simmons	Chair		4 years		8/8	Search
G Cleverdon	Vice-Chair Audit Chair		4 years		8/8	Da Vinci LGB, Audit (Chair)
J J E Ellam	Chair, TAA LGB	10/02/2016	4 years		7/8	Audit, TAA LGB (Chair)
M Hamnett	Sponsor Chief Executive		Ex officio	07/12/2017	6/8	
A R Hawkins	Chair		4 years	05/10/2016	1/1	
M C J Lewis	Managing Director		Ex officio		8/8	School LGBs, Audit
S Marshman	Chair, Roebuck LGB	01/07/2017	4 years		0/1	Roebuck LGB (Chair)
V Parsey		01/04/2017	4 years		0/2	
G Phillips	Chair, Joint Da Vinci LGB	10/02/2016	4 years		5/8	Da Vinci LGB (Chair)
J Winterbone		03/03/2016	4 years		6/8	Da Vinci LGB

Agendas, papers and reports are issued in good time before Board meetings. Briefings are also given on an ad-hoc basis. The Board has a strong and independent non-executive majority and no individual or group dominates decision-making. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Finally, there is a clear division of responsibility between the roles of the Chair of the Board and the Accounting Officer.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

The Board met eight times in 2016/17 in addition to holding an Annual General Meeting. Attendance for the year was 81.67%.

The Board is supported by two Committees (Audit and Search, the latter a joint committee with the Hart Learning Group) and local governing bodies for its schools. Each has Terms of Reference and meets as required.

APPOINTMENTS TO THE BOARD

Any new appointments to the Board are a matter for consideration by the Board as a whole. The Board has a Search Committee comprising up to five members responsible for selecting candidates for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided for Governors.

Two appointments were made to the Board during the year. These are:

- Stephen Marshman, currently Chair of the local governing body for the Roebuck Academy.
- Vicky Parsey, Executive Principal for the Aspire Academies Trust and West Herts Teaching School

Members of the Board are appointed for a term of office not exceeding four years, but are eligible for re-appointment.

AUDIT COMMITTEE

The Audit Committee has four non-executive members with relevant skills and experience (neither the Chair nor Accounting Officer are members) drawn from the Board and local governing bodies.

The Committee operates in accordance with written terms of reference approved by the Committee and the Board. Its purpose is to advise the Board on the adequacy and effectiveness of the system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets termly and provides a forum for reporting by the internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of management.

The internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Board.

The Audit Committee met three times in 2016/17. Attendance for the year was 85.71%.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

SEARCH COMMITTEE

The Search Committee is made up of five non-executive members of the Hart Schools Trust and Hart Learning Group Boards, and is responsible for making recommendations to the Board in respect of governor appointments, and approving processes for reviewing individual and collective effectiveness. The Committee met twice in 2016/17 and attendance for the year was 100%.

INTERNAL CONTROL

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Trust has an effective and appropriate system of control, finance 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 has delegated the day-to-day responsibility to the Managing Director of the Hart Schools Trust, as accounting officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Hart Schools Trust Ltd and the Secretary of State for Education. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 for the whole of the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ending 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

The risk and control framework

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

- A robust approach to setting revenue and cost budgets for the forthcoming year, with final budgets agreed by Board.
 - Targets to measure financial and other performance
 - Regular finance reports at Board meetings, detailing year-to-date performance, and forecast outturn for the year plus any upside opportunities and downside risks.
 - A clear link between finance and individual performance management, with clear finance objectives embedded in individual budget holders' personal objectives for the year.
 - The increased deployment of formal project management approaches.
 - Clearly defined capital investment guidance and controls.
-

THE HART SCHOOLS TRUST LIMITED
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

The risk and control framework – cont'd

- Independent internal audit conducted by experienced individual with high levels of risk management and audit expertise.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Review of effectiveness

As Accounting Officer, the Managing Director is responsible for reviewing the effectiveness of the system of internal control. The Managing Director's review of the effectiveness of the system of internal control is informed by:

- The reports of the Audit Committee.
- The work of the internal auditor.
- The work of managers within the Trust and central service provision who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the financial statements auditors and the funding auditors in their management letters and other reports.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's business agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the Managing Director, the Board is of the opinion that the Trust has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".


Going concern

The Trust is dependent on Government funding for the sector to support its operations. The Trust's forecasts and financial projections including cash flow support from its sponsor indicate that it will be able to operate for the foreseeable future.

Accordingly, the Group has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the board of trustees on 6/12/17 and signed on its behalf by:


.....
A B Simmons - Chair


.....
M Lewis - Accounting Officer

THE HART SCHOOLS TRUST LIMITED

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31ST AUGUST 2017

As accounting officer of The Hart Schools Trust Limited I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the charitable company 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 2016.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2016.

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.



.....
M Lewis - Accounting Officer

Date: 6/12/17

THE HART SCHOOLS TRUST LIMITED

STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31ST AUGUST 2017

The trustees (who act as governors of The Hart Schools Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

In so far as the trustees are aware:

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

Approved by order of the members of the board of trustees on 6/12/17 and signed on its behalf by:



.....
A B Simmons - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE HART SCHOOLS TRUST LIMITED**

Opinion

We have audited the financial statements of The Hart Schools Trust Limited (the 'charitable company') for the year ended 31st August 2017 on pages twenty two to thirty nine. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2016 to 2017 issued by the Education Funding Agency (EFA).

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 auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE HART SCHOOLS TRUST LIMITED**

Other information

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page fifteen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 to cease operations, or have no realistic alternative but to do so.

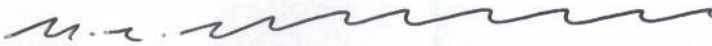
Our responsibilities for the audit of the financial statements

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE HART SCHOOLS TRUST LIMITED

Our responsibilities for the audit of the financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.



Mark Hubbocks (Senior Statutory Auditor)
for and on behalf of Wags LLP t/a Wagstaffs
Chartered Accountants and Statutory Auditors
Richmond House
Walkern Road
Stevenage
Hertfordshire
SG1 3QP

Date: 6/12/17

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE HART SCHOOLS TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hart Schools Trust Limited during the period 1st September 2016 to 31st August 2017 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 The Hart Schools Trust Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Hart Schools Trust Limited and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Hart Schools Trust Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Hart Schools Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Hart Schools Trust Limited's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 1st September 2016 to 31st August 2017 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 2016 to 2017 issued by the 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.

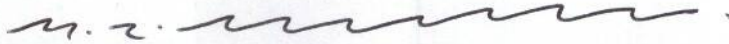
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE HART SCHOOLS TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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 1st September 2016 to 31st August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Hubbocks (Senior Statutory Auditor)
for and on behalf of Wags LLP t/a Wagstaffs
Richmond House
Walkern Road
Stevenage
Hertfordshire
SG1 3QP

Date: 6/12/17

THE HART SCHOOLS TRUST LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 2017

	Notes	Unrestricted fund	Restricted funds	Restricted fixed asset funds	FRS 102 Pension	2017 Total funds	2016 Total funds
		£	£	£	£	£	£
INCOMING RESOURCES FROM							
Donations and capital grants	2	122,564	120,055	-	-	242,619	230,419
Transfer from Local Authority on conversion		-	-	10,112,000	(416,000)	9,696,000	-
Charitable activities							
Funding for the academy's educational operations	3	-	5,639,875	-	-	5,639,875	7,897,214
Expected return on pension scheme assets		-	-	-	34,000	34,000	44,000
Total		122,564	5,759,930	10,112,000	(382,000)	15,612,494	8,171,633
EXPENDITURE ON							
Charitable activities							
Academy trust educational operations	4	116,170	5,285,479	5,351,851	-	10,753,500	8,302,983
Other charitable expenditure	6	-	16,000	-	103,000	119,000	321,500
Total		116,170	5,301,479	5,351,851	103,000	10,872,500	8,624,483
NET INCOME/(EXPENDITURE)							
		6,394	458,451	4,760,149	(485,000)	4,739,994	(452,850)
Transfers between funds							
		-	(143,000)	-	143,000	-	-
Other recognised gains/(losses)							
Actuarial gains/losses on defined benefit schemes	17	-	-	-	433,000	433,000	(479,000)
Net movement in funds		6,394	315,451	4,760,149	91,000	5,172,994	(931,850)
RECONCILIATION OF FUNDS							
Total funds brought forward		17,623	435,075	23,601,410	(1,512,000)	22,542,108	23,473,958
TOTAL FUNDS CARRIED FORWARD	16	24,017	750,526	28,361,559	(1,421,000)	27,715,102	22,542,108

CONTINUING OPERATIONS

During the year two schools were closed being The Da Vinci Studio School of Creative Enterprise, and The Da Vinci Studio School of Science and Engineering. Details of movements in funds and net transfers are shown within note 20.

The notes form part of these financial statements

THE HART SCHOOLS TRUST LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31ST AUGUST 2017

	Notes	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
FIXED ASSETS					
Tangible assets	10	-	29,101,409	29,101,409	24,198,593
CURRENT ASSETS					
Stocks	11	1,117	-	1,117	931
Debtors	12	-	189,874	189,874	280,132
Cash at bank and in hand		22,900	102,639	125,539	314,387
		24,017	292,513	316,530	595,450
LIABILITIES					
Creditors: Amounts falling due within one year	13	-	(281,837)	(281,837)	(739,935)
NET CURRENT ASSETS/(LIABILITIES)		24,017	10,676	34,693	(144,485)
TOTAL ASSETS LESS CURRENT LIABILITIES		24,017	29,112,085	29,136,102	24,054,108
PENSION LIABILITY	17	-	(1,421,000)	(1,421,000)	(1,512,000)
NET ASSETS		24,017	27,691,085	27,715,102	22,542,108
FUNDS					
Unrestricted funds	16			24,017	17,623
Restricted general funds				750,526	435,075
Restricted pension fund				(1,421,000)	(1,512,000)
Restricted fixed asset fund				28,361,559	23,601,410
TOTAL FUNDS				27,715,102	22,542,108

The notes form part of these financial statements

THE HART SCHOOLS TRUST LIMITED

STATEMENT OF FINANCIAL POSITION - CONTINUED
AT 31ST AUGUST 2017

The financial statements were approved by the Board of Trustees on 6/12/17 and were signed on its behalf by:



.....
M C J Lewis -Managing Director & Accounting Officer

The notes form part of these financial statements

THE HART SCHOOL TRUST LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>(46,181)</u>	<u>(483,068)</u>
Net cash provided by (used in) operating activities		<u>(46,181)</u>	<u>(483,068)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(142,667)</u>	<u>(654,547)</u>
Net cash provided by (used in) investing activities		<u>(142,667)</u>	<u>(1,137,615)</u>
Change in cash and cash equivalents in the reporting period		(188,848)	(1,137,615)
Cash and cash equivalents at the beginning of the reporting period	2	<u>314,387</u>	<u>1,452,002</u>
Cash and cash equivalents at the end of the reporting period	2	<u>125,539</u>	<u>314,387</u>

The notes form part of these financial statements

THE HART SCHOOL TRUST LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2017

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net income for the reporting period (as per the statement of financial activities)	4,739,994	(452,850)
Adjustments for:		
Depreciation	605,529	714,022
Donation of assets	4,659,119	450,437
Transfer from local authority on conversion	(9,696,000)	-
Transfer out pension deficit on academy closure	(79,797)	-
(Increase)/decrease in stocks	(186)	(37)
(Increase)/decrease in debtors	90,258	(51,875)
Decrease in creditors	(458,098)	(1,196,765)
Difference between pension charge and cash contributions	<u>93,000</u>	<u>54,000</u>
Net cash provided by (used in) operating activities	<u>(46,181)</u>	<u>(483,068)</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	200	1,010
Notice deposits (less than 3 months)	<u>125,339</u>	<u>313,377</u>
Total cash and cash equivalents	<u>125,539</u>	<u>314,387</u>

The notes form part of these financial statements

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Hart Schools Trust Limited meets the definition of a public benefit entity under FRS 102.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Capital grants and other contributions towards the cost of additions to fixed assets are released over the useful life of the asset into the statement of financial activities. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet.

Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Depreciation is provided on land and buildings over the useful life of the building. The estimated useful lives for other assets are:

Plant and machinery - between 3 - 5 years straight line

Land & buildings - 50 years straight line

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

1. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Teachers' pension scheme

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. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Local Government Pension Scheme

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

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

2. DONATIONS AND CAPITAL GRANTS

	2017	2016
	£	£
Sundry income	239,153	230,030
Uniform Sales	<u>3,466</u>	<u>389</u>
	<u>242,619</u>	<u>230,419</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
EFA Grants	-	5,540,471	5,540,471	7,277,870
Special educational projects	-	99,404	99,404	40,863
EFA Capital grants	-	-	-	578,481
	<u>-</u>	<u>5,639,875</u>	<u>5,639,875</u>	<u>7,897,214</u>

4. EXPENDITURE

	Direct costs £	Support costs £	2017 Total £	2016 Total £
Academies educational operations	<u>9,771,482</u>	<u>982,018</u>	<u>10,753,500</u>	<u>8,302,983</u>

Net resources are stated after charging/(crediting):

	2017	2016
	£	£
Auditor's remuneration	16,000	13,500
Depreciation - owned assets	<u>605,529</u>	<u>714,022</u>

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

5. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

Direct costs	2017	2016
	£	£
Teaching and educational support staff costs	3,610,317	4,761,615
Depreciation on buildings, fixtures, fittings and equipment	605,529	714,022
Donation of assets	4,659,119	450,437
Books, apparatus and stationery	38,318	46,456
Examination fees	67,544	139,999
Other direct costs	790,655	922,597
	<u>9,771,482</u>	<u>7,035,126</u>

Allocated support costs

	2017	2016
	£	£
Support staff costs	347,010	480,941
Maintenance of premises and equipment	312,986	378,616
Rates and utilities	203,679	213,279
Transport	9,952	23,093
Technology costs	36,751	65,269
Indirect employee expenses	22,709	42,129
Other support costs	48,931	64,530
	<u>982,018</u>	<u>1,267,857</u>

6. OTHER CHARITABLE EXPENDITURE

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Current service cost	-	203,000	203,000	227,000
Interest cost	-	67,000	67,000	81,000
Transfer of pension deficit	-	(167,000)	(167,000)	-
Auditors remuneration	-	16,000	16,000	13,500
	<u>-</u>	<u>119,000</u>	<u>119,000</u>	<u>321,500</u>

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

7. TRUSTEES' REMUNERATION AND BENEFITS

The staff trustees only receive remuneration in respect of services they provide undertaking the roles of staff members, and not in respect of their services as trustees. Other trustees did not receive any payments. The value of trustees' remuneration was as follows:

M Lewis (Executive Principal and Trustee): £90,000 - £100,000 (2016: £80,000 - £90,000)

Trustees' expenses

During the year ended 31 August 2017, travel and subsistence expenses totalling £328 (2016: £776) were reimbursed to the trustees.

8. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	3,604,178	4,792,012
Operating costs of defined benefit pension schemes	<u>373,231</u>	<u>450,544</u>
	<u>3,977,409</u>	<u>5,242,556</u>

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

2017	2016
<u>113</u>	<u>141</u>

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

	2017	2016
£60,001 - £70,000	-	3
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>
	<u>1</u>	<u>4</u>

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these staff amounted to £15,502 (2016: £35,844).

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

9. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the School has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £10,000,000 on any one claim.

10. TANGIBLE FIXED ASSETS

	Inherited assets £	Land and buildings £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 1st September 2016	18,877,000	5,907,615	322,105	20,169	25,126,889
Additions	10,112,000	110,954	22,631	9,082	10,254,667
Disposals	-	(4,998,411)	-	-	(4,998,411)
At 31st August 2017	<u>28,989,000</u>	<u>1,020,158</u>	<u>344,736</u>	<u>29,251</u>	<u>30,383,145</u>
Depreciation					
At 1st September 2016	755,080	169,180	1,586	2,450	928,296
Charge for year	377,540	113,898	107,369	6,722	605,529
Eliminated on disposal	-	(252,089)	-	-	(252,089)
At 31st August 2017	<u>1,132,620</u>	<u>30,989</u>	<u>108,955</u>	<u>9,172</u>	<u>1,281,736</u>
Net book value					
At 31st August 2017	<u>27,856,380</u>	<u>989,169</u>	<u>235,781</u>	<u>20,079</u>	<u>29,101,409</u>
At 31st August 2016	<u>18,121,920</u>	<u>5,738,436</u>	<u>320,518</u>	<u>17,719</u>	<u>24,198,593</u>

The above figures include the assets from Roebuck Academy which joined the trust during the year. Further details of this are included in note 19.

The above also includes the transfer of the Da Vinci Studio School of Creative Enterprise and Da Vinci Studio School of Science and Engineering buildings. Further details of this are included in note 20.

11. STOCKS

	2017 £	2016 £
Stocks	<u>1,117</u>	<u>931</u>

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	1,285	810
Other debtors	60,919	13,007
VAT	36,258	178,459
Prepayments and accrued income	<u>91,412</u>	<u>87,856</u>
	<u>189,874</u>	<u>280,132</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	56,847	20,994
Social security and other taxes	-	93,162
Other creditors	9,587	100,117
Accruals and deferred income	<u>215,403</u>	<u>525,662</u>
	<u>281,837</u>	<u>739,935</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	7,402	5,599
Between one and five years	<u>7,798</u>	<u>2,618</u>
	<u>15,200</u>	<u>8,217</u>

The Trust conducts its educational activities from land and buildings on a long term rental basis. All property leases are executed at a peppercorn rent.

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

15. MEMBERS' LIABILITY

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

16. MOVEMENT IN FUNDS

	Balance at 1 September 2016	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2017
	£	£	£	£	£
Restricted General Funds	435,075	5,759,930	(5,301,479)	(143,000)	750,526
Pension reserve	(1,512,000)	(382,000)	(103,000)	576,000	(1,421,000)
Unrestricted funds	17,623	122,564	(116,170)	-	24,017
Restricted fixed asset fund	23,601,410	10,112,000	(5,351,851)	-	28,361,559
	<u>22,542,108</u>	<u>15,612,494</u>	<u>(10,872,500)</u>	<u>433,000</u>	<u>27,715,012</u>

Restricted general fund relates to revenue grants and income to be used with the charitable objectives within the company.

17. PENSION AND SIMILAR OBLIGATIONS

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire 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 of the LGPS 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

17. PENSION AND SIMILAR OBLIGATIONS - continued

Teachers' pension scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £364,870 (2016: £460,435).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

17. PENSION AND SIMILAR OBLIGATIONS
- continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £178,000 (2016: £260,000), of which employer's contributions totalled £143,000 (2016: £210,000) and employees' contributions totalled £35,000 (2016: £50,000). The agreed contribution rates for future years are 25.3% for employers and 6.5% 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.

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages)

	2017	2016
Rate of increase in salaries	2.5%	3.6%
Rate of increase for pensions in payment	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation assumption (CPI)50	2.4%	2.1%
Commutation of pensions lump sums (pre April 2008)	50%	50%
Commutation of pensions lump sums (post)	75%	75%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.5	22.3
Females	24.9	24.5
<i>Retiring in 20 years</i>		
Males	24.1	24.3
Females	26.7	26.7

Sensitivity analysis

	At 31 August 2017	At 31 August 2016
	£	£
0.5% decrease in Real Discount Rate	444,000	310,000
0.5% increase in the Salary Increase Rate	30,000	56,000
0.5% increase in the Pension Increase Rate	410,000	246,000

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

17. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	2017	2016
	£	£
Equities	1,122,000	945,000
Bonds	431,000	420,000
Property	121,000	105,000
Cash	52,000	30,000
	<u>1,726,000</u>	<u>1,500,000</u>
Total market value of assets		
	<u>(3,147,000)</u>	<u>(3,012,000)</u>
Present value of scheme liabilities		
	<u>(1,421,000)</u>	<u>(1,512,000)</u>
Surplus / (deficit) in the scheme		

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Current service cost	203,000	227,000
Interest income	(34,000)	(44,000)
Interest cost	67,000	81,000
	<u>236,000</u>	<u>264,000</u>

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

17. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Defined benefit obligation	3,012,000	2,033,000
Transfer in on existing academy joining the trust	941,000	-
Current service cost	203,000	227,000
Contributions by scheme participants	35,000	50,000
Interest cost	67,000	81,000
Actuarial losses/(gains)	(358,000)	622,000
Benefits paid	(41,000)	(1,000)
Transfer out existing academy closure	(712,000)	-
	<u>3,147,000</u>	<u>3,012,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Fair value of scheme assets	1,500,000	1,054,000
Transfer in on existing academy joining the trust	525,000	-
Contributions by employer	143,000	210,000
Contributions by scheme participants	35,000	50,000
Expected return	34,000	44,000
Actuarial gains/(losses)	75,000	143,000
Benefits paid	(41,000)	(1,000)
Transfer out existing academy closure	(545,000)	-
	<u>1,726,000</u>	<u>1,500,000</u>

THE HART SCHOOLS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2017

18. RELATED PARTY DISCLOSURES

During the year The Hart School Trust made sales to North Hertfordshire College amounting to £4,985 (2016: £35,674). The Trust also made purchases for goods and services amounting to £500,180 (2016: £687,113) from North Hertfordshire College. On the closure of Da Vinci Studio School of Science and Engineering, the fixed assets of this academy were transferred to North Hertfordshire College for nil consideration as agreed with the Department for Education. Included within creditors falling due within one year is £9,410 (2016: £13,005 debtor) due from the North Hertfordshire College. Furthermore, following the closure of The Da Vinci Studio School of Creative Enterprise and The Da Vinci Studio School of Science and Engineering residual liabilities were transferred totalling £254,203.

19. Transfer of existing academies into the trust

During the year Roebuck Academy joined The Hart Schools Trust. Assets amounting to £10,112,000 were transferred into the trust and are shown within Tangible fixed assets, along with liabilities of £416,000 relating to the pension liability. The authority retained the revenue deficit of £385.

20. Transfer out academies out of the trust

During the year two schools were shut down, being The Da Vinci Studio School of Creative Enterprise and The Da Vinci Studio School of Science and Engineering. Tangible fixed assets with a net book value of £2,349,358 relating to The Da Vinci Studio School of Creative Enterprise were transferred to The Secretary of State for Communities and Local Government and assets with a net book value of £2,396,964 relating to The Da Vinci Studio School of Science and Engineering transferred to North Hertfordshire College Further Education Corporation. Following the closure of these school's residual liabilities were transferred to NHC totalling £254,203.

THE HART SCHOOLS TRUST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 2017

	2017 £	2016 £
INCOME AND ENDOWMENTS		
Donations and capital grants		
Sundry income	239,153	230,030
Uniform Sales	<u>3,466</u>	<u>389</u>
	242,619	230,419
Transfer from Local Authority on conversion	9,696,000	-
Charitable activities		
EFA Grants	5,540,471	7,277,870
Special educational projects	99,404	40,863
EFA Capital Grants	<u>-</u>	<u>578,481</u>
	5,639,875	7,897,214
Other income		
Expected return on pension scheme assets	<u>34,000</u>	<u>44,000</u>
Total incoming resources	15,612,494	8,171,633
EXPENDITURE		
Charitable activities		
Wages	3,584,096	4,792,012
Pensions	373,231	450,544
Services and supplies	777,705	892,839
Examination fees	67,544	139,999
Other direct costs	10,845	29,674
Telephone	5,239	7,003
Printing, postage and stationery	34,498	42,163
Advertising	2,349	8,085
Recruitment costs	2,627	789
Travel costs	9,952	23,093
Computer expenses	36,751	65,269
Repairs and renewals	312,986	378,616
Subscriptions	3,820	4,293
Clothing costs	<u>2,105</u>	<u>84</u>
Carried forward	5,223,748	6,834,463

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THE HART SCHOOLS TRUST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 2017

	2017 £	2016 £
Brought forward	5,223,748	6,834,463
Training costs	20,082	42,129
Utilities	203,679	213,279
Bank charges	85	191
Insurance	23,188	35,195
Legal and professional fees	18,070	13,267
Depreciation on land and buildings	113,898	110,737
Depreciation on fixtures, fittings & equipment	107,369	138,748
Depreciation on computer equipment	6,722	86,997
Depreciation of inherited fixed assets	377,540	377,540
Donation of fixed assets	<u>4,659,119</u>	<u>450,437</u>
	10,753,500	8,302,983
Other		
Interest on pension scheme liabilities	270,000	308,000
Transfer out existing academy closure	(167,000)	-
Auditors remuneration	<u>16,000</u>	<u>13,500</u>
	119,000	321,500
Total resources expended	10,872,500	8,624,483
Net income/(expenditure)	<u>4,739,994</u>	<u>(452,850)</u>

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