

**CLARION ACADEMY TRUST
FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)**

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

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CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Peter I Fraser Donna C Harris Patricia E Bell James P Wright Peter N G Hardy
Trustees	James P Wright Donna C Harris Peter N G Hardy Peter I Fraser, Chair of Trustees Patricia E Bell Stephanie J Day (resigned 26 September 2017) Leonard Ricketts, Vice Chair of Trustees (resigned 12 October 2016) Bruce R Wilson (resigned 26 September 2017) Beth Rose-Waghorn (resigned 13 July 2017) David R Mead (resigned 25 September 2017) Shirley J Gates John Organ James Adams, Headteacher Juliet Clifton-Fearns Harriet Rowe
Company registered number	08347874
Company name	Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited
Principal and registered office	Kittens Lane Loddon Norwich Norfolk NR14 6JU
Senior management team	Mr J Adams, Headteacher Miss K Hall, Assistant Headteacher Mr M Quantrill, Deputy Headteacher Mr R Greenhalf, Assistant Headteacher Mr R Skinner, Commercial Manager Mrs J Wilkinson, Assistant Headteacher
Independent auditors	Price Bailey LLP Chartered Accountants 20 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich Norfolk NR7 0HR
Bankers	Lloyds TSB Bank Plc Gentlemans Walk Norwich Norfolk NatWest 1 Smallgate Beccles Suffolk NR34 9YY

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REFERENCE AND ADMINISTRATIVE DETAILS
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Advisers (continued)

Solicitors

Steeles Law LLP
Lawrence House
5 St Andrews Hill
Norwich
Norfolk
NR2 1AD

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Hobart High School (Academy Trust) Limited (The Trust or the Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 11-16 years, serving the rural catchment area covering Loddon and the surrounding villages south east of Norwich. The Academy has a capacity of 820 and had a roll of 715 in the 2017 census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company is known as Hobart High School (the School).

The operation of The Trust's Academy and employment of staff are the responsibility of the Trustees. The Trust retains control of the Academy budget and finances, and monitors these through its Finance Committee.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section.

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 and Officers' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed for a term of four years and are eligible for re-election. The Articles of Association of the Charitable Company set out the number and type of Trustees of the Academy in paragraphs 50 to 65. The Headteacher is an ex-officio Trustee. Parent and Staff Trustees are elected by parents and staff respectively, or appointed by the Board of Trustees if there are insufficient candidates offering themselves for election. The Board of Trustees can appoint up to three Co-opted Trustees and the Local Authority (Norfolk County Council) can appoint one Trustee. The Board of Trustees currently has the following composition: 5 Members; 3 Parents; 1 Teaching Staff; 2 Co-opted; the Headteacher.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Charitable Company is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. The Academy purchases a governor support service from Educator Solutions which enables all Trustees to obtain advice and undertake a wide range of training courses at no cost.

All new Trustees are entitled to an induction into the role, according to their need, which may include introductory sessions, mentoring and formal courses. The induction process will include a meeting with the Chair of Trustees and Headteacher; a tour of the school and the opportunity to meet with students and staff. All Trustees are provided with a range of policy and procedure documents that are appropriate to the role they undertake as Trustees and with particular emphasis on the committee work that they undertake.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Board of Trustees, which meets on at least five occasions per year, is responsible for: the strategic direction of the Academy; setting general policy and approving major decisions about the direction of the Academy, including senior appointments. The Board of Trustees approves an annual development plan and reviews progress towards educational objectives and academic results. They also approve major expenditure requests, set the budget for the following year and agree and review the performance objectives of the Headteacher with the School Improvement Partner. The Board of Trustees receives reports from the three operational committees comprising of smaller groups of Trustees which conduct the business of the Academy; the Finance and Resources Committee; the Curriculum and Progress Committee; and the Pastoral, Personnel and Communications Committee. The terms of reference of the committees are reviewed by the Board of Trustees annually and are published on the Academy website.

The Headteacher is the designated Accounting Officer of the academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for managing the budget within the agreed Schedule of Delegation as set out in the Finance Policy. The Finance and Resources Committee monitor income and expenditure against the annual budget and a system of financial controls is in place to manage all financial processes and transactions.

The Headteacher directs the Academy at an executive level, implementing policies and reporting to the Board of Trustees. The Headteacher is supported by the Senior Leadership Team in managing the operation of the Academy, in particular organising staff, resources and pupils. They are responsible for the authorisation of expenditure within agreed budgets and for the appointment of staff following vetting and safeguarding procedures.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. The Senior Leadership Team is identified as key management personnel.

No Trustees receive any remuneration for their work on behalf of the Trust.

The pay of all teaching members of the Senior Leadership Team is in accordance with the nationally agreed Leadership Pay Spine as set out in the Teachers Pay and Conditions Document. The pay of the non-teaching member of the Senior Leadership Team is in accordance with the nationally agreed pay scale set by the National Joint Council for Local Government Services. Within these frameworks, pay and remuneration is decided by a variety of factors, such as the school group size, salary ranges, the level of responsibility of each post, the level of experience of each staff member and performance management outcomes. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment, pay and performance management policies.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. The Academy maintains a Register of Business and Pecuniary Interest that is published on its website and an item requiring declaration of interests is included on the agendas of all meetings of the Board of Trustees and its Committees.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Norfolk County Council
- Educator Solutions
- Maintained Cluster Primary Schools
- Academy Cluster Primary Schools
- Suffolk County Council
- ASCL
- Norfolk Constabulary

The Trust does not have a formal sponsor.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

Objects and Aims

As set out in the Articles of Association, the academy's object is to advance for the public benefit education in the United Kingdom, and;

- to establish high quality teaching, learning and assessment;
- to provide a full and diverse curriculum and other activities;
- to provide an environment where every child and every member of staff matters;
- The provision of community facilities.

Objectives, Strategies and Activities

The School Improvement and Development Plan 2017/18 included the whole school priorities and objectives and provides the basis for activities. These are summarised as:

- Ensure disadvantaged students and those in receipt of Pupil Premium make good progress.
- Improve attendance across all student groups, particularly disadvantaged students.
- Develop CPD for non-teaching staff and middle & aspiring leaders.
- Improve teaching and learning particularly in key areas: differentiation, active and independent learning.
- Embed literacy and numeracy across the curriculum.

During the year the Academy has worked towards these aims by:

- Staff have attended a timetable programme of themed CPD sessions throughout the year including differentiation, active and independent learning, effective questioning and behaviour for learning. Teaching and Learning Communities have been formed in the areas of numeracy, literacy, new and emerging technologies and student leadership.
- Applied for DfE approval to become an academy sponsor and developed a model to build capacity and expertise.
- Reviewed our existing assessment policies and practice; consulted with middle leaders.
- Developed leadership opportunities across the school and introduced a 'Leadership Passport' for all students to record their experiences.

Our success in fulfilling our aims can be measured by:

- Thematic groups in place and impacted positively on outcomes.
- Clarion Multi Academy Trust formed and sponsored its first academy in September 2017
- Tracking and data system in place and used to effectively track student progress.
- Student voice now established across a range of year groups; contributes to school improvement.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Academy continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the Academy.

Specific achievements were as follows:

- Trustees have continued to offer both support and challenge to the school and set aspirational targets for improvement. Accountability at all levels has remains strong. The focus has continued to around raising standards in terms of student outcomes. These improved from 2016-17.

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TRUSTEES' REPORT (continued)
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- The Progress 8 measure for the school was +0.23 (0.16 2016), The percentage of students gaining the English Baccalaureate was 21% (2017; 21%, 2016; 19%) and the percentage of students gaining at least a grade 5 in English and Mathematics was 48% (National 39%). Although we are pleased with these results, there are areas we need to look at and we have begun to do so.
- A recent Ofsted inspection gave a favourable outcome. The findings are currently subject to embargo, but there were a number of areas for which the school was highly praised. Pleasingly, these were areas that were a focus for improvement.

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on student numbers this is a key performance indicator. Student numbers at 1st September 2017 were 700; 1st September 2016 were 726; 1st September 2015 were 742. This fall in student numbers is consistent with the Norfolk County Council student demographic data set.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2015/16 this was 76.37% and for 2016/17 this was 80.29%. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the Board of Trustees.

The Finance and Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board of Trustees.

Going Concern

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

Financial Review

The principal source of funding for the Academy is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2017 the Trust received £3,961,604 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £4,314,967 on expenditure and transferred £34,751 to support capital new build and improvement projects on the academy site. The Trust brought forward from 2015/16, £11,331,550 restricted funds and £834,726 unrestricted funding. The carry forward for 2016/17 is £11,245,990 restricted funding and £876,923 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £1,502,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via financial monitoring reports received by the Finance and Resources Committee. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £876,923. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees have made a decision to designate unrestricted balances of £475,000 for future capital projects, and is holding other unrestricted funds of £401,923 to cover future increases in costs and expenditure that may arise from uninsurable losses.

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TRUSTEES' REPORT (continued)
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The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £1,000,954.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £1,238,980. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £125,000 to cover short term cash flow variances.

Investment Policy

A Treasury Management (Investment Policy) is reviewed annually by the Finance and Resources Committee and was considered at the meeting on the 2nd May 2017 where it was agreed that no changes were required.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

The Board of Trustees retains responsibility for approving the Treasury Management (Investment) Policy and authorising the opening of all bank and other financial institution accounts. The treasury management function and setting investment strategy is delegated to the Finance and Resources Committee and the day to day implementation of the agreed investment strategy is the responsibility of the Accounting Officer.

The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to risks are monitored on behalf of the Trustees by the Finance and Resources Committee at meetings. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the Education and Skills Funding Agency (ESFA), and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;

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TRUSTEES' REPORT (continued)
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- fraud and mismanagement of funds - The Trust has appointed an independent internal auditor to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

The School Improvement and Development Plan for 2017-18 provides a vision and sets out plans for the next 12 months. It will also enable strong and continued improvement in the mid and long term.

Key activities are identified as:

- **To ensure disadvantaged students in receipt of Pupil Premium funding make good progress:** By employing a range of strategies including improved monitoring, intervention plans and CPD for staff the gaps in achievement of disadvantaged students will be narrowed.
- **Improve attendance across all student groups, particularly disadvantaged students:** Good attendance is essential to ensure that all students achieve appropriate educational outcomes. Enhancing the role of the attendance officer, improved use of data and rewards will drive the key aim of improving educational outcomes for all students.
- **To develop CPD for non-teaching staff and middle and aspiring leaders:** This will give all staff access to high quality professional development and will, again, drive the key aim of improving educational outcomes for all students.
- **To embed literacy and numeracy across the curriculum:** By developing and embedding new policies evidence of improving practice will be seen in lesson observations and learning works leading to an improvement in educational outcomes for all students in this key area.
- **To improve the standard of teaching and learning, particularly the key areas of differentiation and active and independent learning;** Following on from the introduction of the Thematic Continuing Professional Development in the last academic year, teaching staff will continue to have access to high quality CPD driving the key aim of improving educational outcomes for all students.

On 4th August 2017, Hobart High School (Academy Trust) Limited became a Multi Academy Trust, changing its name to Clarion Academy Trust. The Multi Academy Trust now comprises Hobart High School and Thurlton Primary School, which joined the trust on 1st September 2017.

Funds Held as Custodian Trustee on Behalf of Others

The Academy does not hold funds as a custodian trustee on behalf of others.

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TRUSTEES' REPORT (continued)
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Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The auditors, Price Bailey LLP, are willing to continue in office and a decision on the appointment of auditors will be made at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6 December 2017 and signed on its behalf by:



Peter I Fraser
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited 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 Headteacher, 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 Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
James P Wright	8	8
Donna C Harris	1	8
Peter N G Hardy	5	8
Peter I Fraser, Chair of Trustees	8	8
Patricia E Bell	7	8
Stephanie J Day	7	8
Leonard Ricketts, Vice Chair of Trustees	1	1
Bruce R Wilson	5	8
Beth Rose-Waghorn	7	7
David R Mead	5	8
Shirley J Gates	6	8
John Organ	8	8
James Adams, Headteacher	8	8
Juliet Clifton-Fearns	5	8
Harriet Rowe	6	8

Governance Reviews:

An Internal Audit Review of Governance Effectiveness was completed in accordance with the Academy Internal Audit Plan for 2016/17, in May 2017. The audit was completed by an externally appointed auditor. The main findings were:

There is a wide range of skills and experience available within the Board of Trustees, as confirmed by the skills audit, with any skills gaps being targeted by the Chair;

The need for training within the Trustees has been recognised and the Clerk and Chair have been able to identify courses and resources for Trustees;

Good practice was identified in terms of the conduct of board and committee business and the information the Board receives;

The following were identified as areas for development; ensure the risk framework and register are up to date; develop and embed an annual Board Performance Action Plan; adopt a formal succession plan at Governance level; develop a good idea of the Academy operating structure for future partnerships

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Patricia E Bell	6	6
Peter I Fraser	6	6
James Adams, Head Teacher	6	6
Peter N Hardy	6	6
John Organ	4	6

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GOVERNANCE STATEMENT (continued)

The Finance and Resources Committee performs the functions of an Audit Committee with items relating to internal audit chaired by the Trustee with responsibility for internal audit, Patricia Bell. Three internal audit reports were prepared by an independent accountancy practice and covered systems of internal financial control, payroll procedures, regularity compliance and governance responsibility. Each of the reports were considered by the Finance and Resources Committee and presented to the Board of Trustees with appropriate action points.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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.

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

- The award of a new Internet Service contract to RM Education from 1st April 2017 following a competitive tendering exercise has achieved a saving over three years of £26,574. The new contract has enabled faster broadband speeds increasing from 50MB to 100MB and direct links to Google reducing search times.
- Reviewing the teaching staff structure within the school to ensure that this relates appropriately to numbers on roll, curriculum requirements and enables the driving forward of educational outcomes for students. Any vacancies arising are considered prior to recruitment taking place to confirm that the post is required. This approach has resulted in savings of £88,000 for the 2017/18 academic year.
- Installation of a new telephone system was completed in September 2017 following invitations to tender; the previous system having been declared no longer fit for purpose. The system, installed by Portal Voice and Data, will future-proof the network as ISDN is withdrawn over the next two to five years and has the capacity to be extended, should the need arise, without significant investment. Call and maintenance charges will produce an annual saving of £1,000.

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 Academy 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 Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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GOVERNANCE STATEMENT (continued)

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

A schedule of work was agreed by the Finance and Resources Committee and completed during the period 1 September 2016 – 31 August 2017.

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

On a termly basis, the internal audit function reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchasing systems
- testing of income receipt systems
- testing of regulatory compliance
- testing of governance systems and controls

Three day long visits are made by the internal auditor (one per term). An internal audit report is produced after each visit which is considered by the Finance and Resources Committee and the Board of Trustees. Each report provides an evaluation of the operation of the systems of control and the discharge of the Board of Trustees financial responsibilities. No material control issues were identified in the reports and remedial action for more minor matters are recorded as part of each report and checked at the next visit.

REVIEW OF EFFECTIVENESS

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

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

Approved by order of the members of the board of trustees on 6 December 2017 and signed on their behalf, by:



Peter I Fraser
Chair of Trustees



James Adams
Accounting Officer

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(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited I have considered my responsibility to notify the academy trust 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 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 2016.

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



James Adams
Accounting Officer

6 DECEMBER 2017

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

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

The Trustees (who act as governors of Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 6 December 2017 and signed on its behalf by:



Peter I Fraser
Chair of Trustees

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED**

OPINION

We have audited the financial statements of Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and the academy trust'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 academy trust's affairs as at 31 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED**

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 (who are also the directors of the academy trust 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 academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

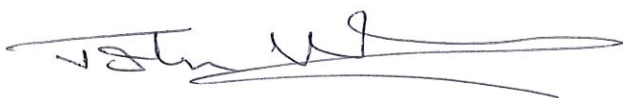
CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 Auditors' Report.



John Warren BSc FCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

20 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
Norfolk
NR7 0HR
18 December 2017

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CLARION
ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED AND THE
EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 November 2017 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 Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited during the year 1 September 2016 to 31 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 Clarion Academy Trust formerly Hobart High School (Academy 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 Clarion Academy Trust formerly Hobart High School (Academy 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 Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited's funding agreement with the Secretary of State for Education dated 30 August 2017, 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 year 1 September 2016 to 31 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 academy trust's income and expenditure.

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CLARION
ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED AND THE
EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in dark ink, appearing to read 'Price Bailey LLP', with a stylized flourish at the end.

Price Bailey LLP

Reporting Accountant

20 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
Norfolk
NR7 0HR

18 December 2017

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	65,441	16,421	81,862	256,308
Charitable activities	3	6,971	3,765,181	-	3,772,152	3,785,304
Other trading activities	4	64,564	40,892	-	105,456	100,559
Investments	5	2,134	-	-	2,134	2,912
TOTAL INCOME		73,669	3,871,514	16,421	3,961,604	4,145,083
EXPENDITURE ON:						
Charitable activities	7	40,472	3,982,246	292,249	4,314,967	4,388,057
TOTAL EXPENDITURE	6	40,472	3,982,246	292,249	4,314,967	4,388,057
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		33,197	(110,732)	(275,828)	(353,363)	(242,974)
Transfers between Funds	17	-	(34,751)	34,751	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		33,197	(145,483)	(241,077)	(353,363)	(242,974)
Actuarial gain/(losses) on defined benefit pension schemes	21	-	301,000	-	301,000	(515,000)
NET MOVEMENT IN FUNDS		33,197	155,517	(241,077)	(52,363)	(757,974)
RECONCILIATION OF FUNDS:						
Total funds brought forward		843,726	(1,083,486)	12,415,036	12,175,276	12,933,250
TOTAL FUNDS CARRIED FORWARD		876,923	(927,969)	12,173,959	12,122,913	12,175,276

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08347874

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		12,163,787		12,391,531
CURRENT ASSETS					
Debtors	14	137,518		152,189	
Cash at bank and in hand		1,238,980		1,281,085	
		<u>1,376,498</u>		<u>1,433,274</u>	
CREDITORS: amounts falling due within one year	15	(365,372)		(408,529)	
NET CURRENT ASSETS			<u>1,011,126</u>		<u>1,024,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,174,913</u>		<u>13,416,276</u>
Defined benefit pension scheme liability	21		<u>(1,052,000)</u>		<u>(1,241,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>12,122,913</u></u>		<u><u>12,175,276</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	124,031		157,514	
Restricted fixed asset funds	17	12,173,959		12,415,036	
		<u>12,297,990</u>		<u>12,572,550</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(1,052,000)</u>		<u>(1,241,000)</u>	
Total restricted income funds			<u>11,245,990</u>		<u>11,331,550</u>
Unrestricted income funds	17		<u>876,923</u>		<u>843,726</u>
TOTAL FUNDS			<u><u>12,122,913</u></u>		<u><u>12,175,276</u></u>

The financial statements on pages 20 to 43 were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:



Peter I Fraser
Chair of Trustees

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	3,846	(133,436)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,134	2,912
Purchase of tangible fixed assets		(64,505)	(201,575)
Capital grants from DfE/ESFA		16,420	139,276
Net cash used in investing activities		(45,951)	(59,387)
Change in cash and cash equivalents in the year		(42,105)	(192,823)
Cash and cash equivalents brought forward		1,281,085	1,473,908
Cash and cash equivalents carried forward		1,238,980	1,281,085

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Clarion Academy Trust formerly Hobart High School (Academy Trust) Limited constitutes a public benefit entity as defined by FRS 102.

The Academy Trust is a private company limited by guarantee, incorporated in England and registered at the following address:

Hobart High School, Kittens Lane, Loddon, Norwich, Norfolk, NR14 6JU.

The financial statements are prepared in pounds sterling and rounded to the nearest pound.

1.2 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land	-	over the term of the lease being 125 years
Leasehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	25% straight line
Artificial turf pitch	-	10% straight line

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 incorporating Income and Expenditure Account.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 Taxation

The academy 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 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.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

CLARION ACADEMY TRUST FORMERLY HOBART HIGH SCHOOL (ACADEMY TRUST) LIMITED
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.

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 incorporating Income and Expenditure Account 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.

1.14 Redundancy and termination payments

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Academy Trust is demonstrably committed to either:

- terminate the employment of an employee or group of employees before normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Trust is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2017. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	65,441	-	65,441	117,032
Capital Grants	-	-	16,421	16,421	139,276
	-	65,441	16,421	81,862	256,308
<i>Total 2016</i>	-	117,032	139,276	256,308	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,488,644	3,488,644	3,497,845
Other DfE / ESFA grants	-	150,769	150,769	157,354
Start up and improvement grant	-	70,000	70,000	-
	-	3,709,413	3,709,413	3,655,199
Other government grants				
Local authority grants	-	55,768	55,768	48,754
	-	55,768	55,768	48,754
Other funding				
Catering income	6,971	-	6,971	81,351
	6,971	-	6,971	81,351
	6,971	3,765,181	3,772,152	3,785,304
Total 2016	81,351	3,703,953	3,785,304	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rental income	51,461	-	51,461	41,579
Other income	13,103	1,000	14,103	15,010
Music lessons	-	39,892	39,892	43,970
	64,564	40,892	105,456	100,559
Total 2016	56,589	43,970	100,559	

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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank Interest	2,134	-	2,134	2,912
<i>Total 2016</i>	2,912	-	2,912	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of Education:					
Direct costs	2,661,792	-	444,345	3,106,137	3,129,206
Support costs	519,004	465,526	224,300	1,208,830	1,258,851
	3,180,796	465,526	668,645	4,314,967	4,388,057
<i>Total 2016</i>	3,165,567	467,264	753,376	4,386,207	

In 2017, of the total expenditure, £40,472 (2016: £61,086) was to unrestricted funds, £3,982,246 to restricted funds (2016: £4,326,971) and £292,249 (2016: £Nil) to restricted fixed asset funds.

7. CHARITABLE ACTIVITIES

	2017 £	2016 £
Direct costs - educational operations	3,106,137	3,129,206
Support costs - educational operations	1,208,830	1,258,851
Total	4,314,967	4,388,057
 Analysis of support costs	 2017 £	 2016 £
Support staff costs	519,004	490,167
Depreciation	226,558	233,347
Technology costs	53,312	56,460
Premises costs	238,968	233,917
Other support costs	160,128	236,610
Governance costs	10,860	8,350
Total	1,208,830	1,258,851

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8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	292,249	291,663
Auditors' remuneration - audit	5,600	5,600
Auditors' remuneration - other services	5,260	2,750
Operating lease rentals	8,916	13,412
	<u> </u>	<u> </u>

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9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,419,239	2,520,637
Social security costs	221,877	191,399
Operating costs of defined benefit pension schemes	490,907	443,822
	<u>3,132,023</u>	<u>3,155,858</u>
Supply teacher costs	6,486	7,859
Staff restructuring costs	42,287	1,850
	<u><u>3,180,796</u></u>	<u><u>3,165,567</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	33,277	-
Severance payments	9,010	1,850
	<u>42,287</u>	<u>1,850</u>

Included in staff restructuring costs are non-statutory/non-contractual payments totalling £17,421 (2016: £1,850). Individually the payments were £9,010 and £8,411 (2016: £1,800 and £50).

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

	2017 No.	2016 No.
Teachers	52	54
Administration and support	52	54
Management	6	6
	<u>110</u>	<u>114</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	39	42
Administration and support	36	37
Management	6	6
	<u>81</u>	<u>85</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	1	0
In the band £ 70,001 - £ 80,000	1	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £455,196 (2016: £485,808).

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9. STAFF COSTS (continued)

Included in the above are employer pension contributions of £59,451 (2016: £63,204).

Included in the above are employer national insurance contributions of £41,087 (2016: £39,392).

10. CENTRAL SERVICES

No central services were provided by the trust to its academy during the year and no central charges arose.

The Trust received funding in the year in respect of the conversion of a new academy, Thurlton Primary School, of which £33,846 was spent during the period by the Trust.

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more 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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
James Adams	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Bruce R Wilson	Remuneration	15,000-20,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
Amandine Moores	Remuneration	None in year	35,000-40,000
	Pension contributions paid	None in year	5,000-10,000

During the year ended 31 August 2017, Trustees received reimbursement for expenses amounting to £402 to 2 Trustees (2016 - £232 to 5 Trustees).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

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13. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	12,893,749	198,556	107,060	137,019	13,336,384
Additions	28,160	-	14,868	21,477	64,505
At 31 August 2017	12,921,909	198,556	121,928	158,496	13,400,889
Depreciation					
At 1 September 2016	821,232	45,088	22,129	56,404	944,853
Charge for the year	226,558	21,258	12,853	31,580	292,249
At 31 August 2017	1,047,790	66,346	34,982	87,984	1,237,102
Net book value					
At 31 August 2017	11,874,119	132,210	86,946	70,512	12,163,787
At 31 August 2016	12,072,517	153,468	84,931	80,615	12,391,531

14. DEBTORS

	2017 £	2016 £
Trade debtors	34,558	31,487
VAT recoverable	23,299	27,148
Prepayments and accrued income	79,661	93,554
	137,518	152,189

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15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	140,660	138,100
Taxation and social security	57,150	57,538
Other creditors	49,617	48,978
Accruals and deferred income	117,945	163,913
	<u>365,372</u>	<u>408,529</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	73,395	58,859
Resources deferred during the year	46,704	73,395
Amounts released from previous years	(73,395)	(58,859)
	<u>46,704</u>	<u>73,395</u>
Deferred income at 31 August 2017	<u>46,704</u>	<u>73,395</u>

At the balance sheet date, included in deferred income were amounts relating to deposits for future school trips, rates relief from the ESFA, Local Authority Pupil Premium income for looked after children and special needs funding from cluster schools.

Included within other creditors are amounts payable on the pension schemes in respect of employees' and employer's contributions.

16. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at amortised cost	<u>1,297,027</u>	<u>1,333,921</u>
Financial liabilities measured at amortised cost	<u>261,518</u>	<u>277,596</u>

Financial assets measured at amortised cost comprise trade debtors, bank balances and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, pension creditor and accruals.

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17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Designated funds						
Emergency Fund	125,000	-	-	-	-	125,000
Artificial Turf Pitch Maintenance / Resurfacing	150,000	-	-	-	-	150,000
Premises Capital Improvement and Maintenance Fund	200,000	-	-	-	-	200,000
	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,000</u>
General funds						
Unrestricted funds	368,726	73,669	(40,472)	-	-	401,923
Total Unrestricted funds	<u>843,726</u>	<u>73,669</u>	<u>(40,472)</u>	<u>-</u>	<u>-</u>	<u>876,923</u>
Restricted funds						
General Annual Grant (GAG)	128,227	3,488,644	(3,522,730)	(34,751)	-	59,390
Other DfE/ESFA grants	-	150,769	(150,769)	-	-	-
Other government grants	-	55,768	(55,768)	-	-	-
Start up and improvement grant	-	70,000	(33,846)	-	-	36,154
Educational visits	29,287	65,441	(66,241)	-	-	28,487
Other restricted	-	40,892	(40,892)	-	-	-
Pension reserve	(1,241,000)	-	(112,000)	-	301,000	(1,052,000)
	<u>(1,083,486)</u>	<u>3,871,514</u>	<u>(3,982,246)</u>	<u>(34,751)</u>	<u>301,000</u>	<u>(927,969)</u>
Restricted fixed asset funds						
Restricted Fixed Asset	12,092,064	-	(263,487)	29,173	-	11,857,750
DfE/ESFA capital grants	23,505	16,421	-	(29,173)	-	10,753
Capital expenditure from GAG	299,467	-	(28,762)	34,751	-	305,456
	<u>12,415,036</u>	<u>16,421</u>	<u>(292,249)</u>	<u>34,751</u>	<u>-</u>	<u>12,173,959</u>
Total restricted funds	<u>11,331,550</u>	<u>3,887,935</u>	<u>(4,274,495)</u>	<u>-</u>	<u>301,000</u>	<u>11,245,990</u>
Total of funds	<u>12,175,276</u>	<u>3,961,604</u>	<u>(4,314,967)</u>	<u>-</u>	<u>301,000</u>	<u>12,122,913</u>

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Designated funds						
Emergency Fund	125,000	-	-	-	-	125,000
Artificial Turf Pitch Maintenance / Resurfacing	150,000	-	-	-	-	150,000
Premises Capital Improvement and Maintenance Fund	200,000	-	-	-	-	200,000
	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,000</u>
General funds						
Unrestricted funds	355,057	140,852	(127,183)	-	-	368,726
	<u>355,057</u>	<u>140,852</u>	<u>(127,183)</u>	<u>-</u>	<u>-</u>	<u>368,726</u>
Total Unrestricted funds	<u>830,057</u>	<u>140,852</u>	<u>(127,183)</u>	<u>-</u>	<u>-</u>	<u>843,726</u>
Restricted funds						
General Annual Grant (GAG)	250,287	3,497,845	(3,534,101)	(85,804)	-	128,227
Other Dfe/ESFA grants	-	157,354	(157,354)	-	-	-
Other government grants	-	48,754	(48,754)	-	-	-
	29,287	117,032	(117,032)	-	-	29,287
Other Restricted Pension reserve	-	43,970	(43,970)	-	-	-
	(658,000)	-	(68,000)	-	(515,000)	(1,241,000)
	<u>(378,426)</u>	<u>3,864,955</u>	<u>(3,969,211)</u>	<u>(85,804)</u>	<u>(515,000)</u>	<u>(1,083,486)</u>
Restricted fixed asset funds						
Restricted Fixed Asset	12,239,194	-	(262,901)	115,771	-	12,092,064
DfE/ESFA capital grants	-	139,276	-	(115,771)	-	23,505
Capital expenditure from GAG	242,425	-	(28,762)	85,804	-	299,467
	<u>12,481,619</u>	<u>139,276</u>	<u>(291,663)</u>	<u>85,804</u>	<u>-</u>	<u>12,415,036</u>
Total restricted funds	<u>12,103,193</u>	<u>4,004,231</u>	<u>(4,260,874)</u>	<u>-</u>	<u>(515,000)</u>	<u>11,331,550</u>
Total of funds	<u>12,933,250</u>	<u>4,145,083</u>	<u>(4,388,057)</u>	<u>-</u>	<u>(515,000)</u>	<u>12,175,276</u>

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17. STATEMENT OF FUNDS (continued)

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

Emergency Fund

This is a designated fund, representing the level of free reserves set aside as contingency by the Trustees for any potential unforeseen future requirements.

Artificial Turf Pitch Maintenance / Resurfacing

This is a designated fund, set aside maintain the artificial sports pitch and to have it resurfaced when this becomes necessary.

Premises Capital Improvement and Maintenance Fund

This is a designated fund, set aside to use against future capital improvements and maintenance costs to premises.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

There was a transfer from GAG in the year to the Restricted Fixed Asset Fund to help pay for capital improvements and fixed assets for which no capital grant funding was available.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants

This represents other DfE and ESFA grants towards the provision of education, including Pupil Premium funding.

Other government grants

This includes other government grants towards the provision of education, including Cluster funding and Local Authority grants.

Start up and improvement grant

These are two grants received in the year in respect of the take on of a new academy after the end of the period of account. The grants were spent on costs in relation to professional fees and staff time dedicated to the conversion and take on process.

Educational visits

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

The balance carried forward of £28,487 was a donation from Hobart High School Fund, a registered charity, on its winding up. This donation is restricted to support activities outside the formal curriculum and enable students to participate in events where cost would otherwise make these prohibitive.

Other restricted funds

This represents funding received from other bodies towards a specific purpose, including the provision of music lessons and instruments.

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17. STATEMENT OF FUNDS (continued)

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the defined benefit pension scheme are set out in note 21 based on the year end actuarial valuation.

Restricted fixed asset fund

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. All assets purchased from the GAG and DfE/ESFA capital grants have been transferred to the restricted fixed asset fund.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Hobart High School	964,800	1,001,240
Central Trust	36,154	-
Total before fixed asset fund and pension reserve	1,000,954	1,001,240
Restricted fixed asset fund	12,173,959	12,415,036
Pension reserve	(1,052,000)	(1,241,000)
Total	<u>12,122,913</u>	<u>12,175,276</u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Hobart high School	2,661,791	546,005	444,346	436,268	4,088,410	4,388,057
Central Trust	-	-	-	33,846	33,846	-
	<u>2,661,791</u>	<u>546,005</u>	<u>444,346</u>	<u>470,114</u>	<u>4,122,256</u>	<u>4,388,057</u>

Central Trust costs represent the expenditure of the Trust in relation to the conversion of a new academy after the year end.

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,163,787	12,163,787
Current assets	876,923	489,403	10,172	1,376,498
Creditors due within one year	-	(365,372)	-	(365,372)
Provisions for liabilities and charges	-	(1,052,000)	-	(1,052,000)
	<u>876,923</u>	<u>(927,969)</u>	<u>12,173,959</u>	<u>12,122,913</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	12,391,531	12,391,531
Current assets	843,726	566,043	23,505	1,433,274
Creditors due within one year	-	(408,529)	-	(408,529)
Provisions for liabilities and charges	-	(1,241,000)	-	(1,241,000)
	<u>843,726</u>	<u>(1,083,486)</u>	<u>12,415,036</u>	<u>12,175,276</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(353,363)	(242,974)
Adjustment for:		
Depreciation charges	292,249	291,663
Dividends, interest and rents from investments	(2,134)	(2,912)
Decrease in debtors	14,671	86,564
Decrease in creditors	(43,157)	(194,501)
Capital grants from DfE and other capital income	(16,420)	(139,276)
Pension adjustment	112,000	68,000
Net cash provided by/(used in) operating activities	<u>3,846</u>	<u>(133,436)</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	811,558	980,263
Notice deposits (less than 3 months)	427,422	300,822
Total	<u>1,238,980</u>	<u>1,281,085</u>

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21. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Norfolk County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £49,551 were payable to the schemes at 31 August 2017 (2016: £48,908) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. 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 employer's pension costs paid to TPS in the period amounted to £280,172 (2016: £292,822).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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.

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21. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £139,000 (2016: £142,000), of which employer's contributions totalled £108,000 (2016: £109,000) and employees' contributions totalled £31,000 (2016: £33,000). The agreed contribution rates for employers are 21.1% to 31 March 2018, 21.8% plus an annual contribution of £2,100 to 31 March 2019, 21.8% plus an annual contribution of £8,100 to 31 March 2020. The agreed future contribution rate for employees is tiered based on salary levels between the following rates, 5.5% and 12.5%.

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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

The commutation rate of 50% relates to pre April 2008 service and increased to 75% for post April 2008 service.

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

	2017	2016
Retiring today		
Males	22.1	22.1
Females	24.4	24.3
Retiring in 20 years		
Males	24.1	24.5
Females	26.4	26.9

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	2,567,052	2,610,320
Discount rate -0.1%	2,714,948	2,749,680
Mortality assumption - 1 year increase	2,662,128	2,696,080
Mortality assumption - 1 year decrease	2,619,872	2,663,920
CPI rate +0.1%	2,699,102	2,722,880
CPI rate -0.1%	2,582,898	2,637,120

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21. PENSION COMMITMENTS (continued)

The Trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	985,180	863,400
Bonds	397,250	374,140
Property	174,790	172,680
Cash	31,780	28,780
	<u>1,589,000</u>	<u>1,439,000</u>
Total market value of assets	<u>1,589,000</u>	<u>1,439,000</u>

The actual return on scheme assets was £27,000 (2016: £194,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(193,000)	(151,000)
Interest income	31,000	45,000
Interest cost	(58,000)	(71,000)
	<u>(220,000)</u>	<u>(177,000)</u>
Total	<u>(220,000)</u>	<u>(177,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	2,680,000	1,772,000
Current service cost	193,000	151,000
Interest cost	58,000	71,000
Employee contributions	31,000	33,000
Actuarial (gains)/losses	(305,000)	664,000
Benefits paid	(16,000)	(11,000)
	<u>2,641,000</u>	<u>2,680,000</u>
Closing defined benefit obligation	<u>2,641,000</u>	<u>2,680,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,439,000	1,114,000
Interest income	31,000	45,000
Actuarial gains/(losses)	(4,000)	149,000
Employer contributions	108,000	109,000
Employee contributions	31,000	33,000
Benefits paid	(16,000)	(11,000)
	<u>1,589,000</u>	<u>1,439,000</u>
Closing fair value of scheme assets	<u>1,589,000</u>	<u>1,439,000</u>

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22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	2,154	8,370
Between 1 and 5 years	1,552	3,133
Total	<u>3,706</u>	<u>11,503</u>

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy'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 has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

24. POST BALANCE SHEET EVENTS

On 1 September 2017 Thurlton Primary School converted to academy status from local authority maintained school to Clarion Academy Trust. The financial effect on Clarion Academy Trust of this acquisition is estimated to increase the net assets of the Trust as the assets and liabilities of Thurlton Primary School are received into the Trust. It is estimated that additional cash funds of £75,000 will be transferred to the trust. Fixed assets and pension liabilities will also be recognised however the value of these is as yet to be determined.

25. 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/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.