Company Number: 10177811

The Hill Trust
(A company limited by guarantee)

Annual Report and Financial Statements 2018-2019

THE HILL TRUST

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THE HILL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR TO 31 AUGUST 2019

Members	Mr M Nelson Mr J Rodrigues Mr R Umpelby
Trustees	Mr P Sagar (Chair of Board) Mr A Bailey Mr K Campbell (Appointed 12th September 2019) Mr S Charlton (Headteacher / CEO – resigned 28th April 2019) Miss S Mann (Teacher / Data Protection Officer) Mr J Rodrigues Miss D West (Headteacher / CEO – appointed 29th April 2019) Mr P Womersley
Company Secretary	Mrs CE Shalom (Chief Financial Officer)
Senior Leadership Team	Miss D West (Headteacher – appointed 29th April 2019) Mr S Charlton (Headteacher – resigned 28th April 2019) Mrs K Dunkley (Assistant Head - appointed 29th April 2019) Mrs M Jessop (Deputy Head - appointed 29th April 2019) Mr A Johnson (Assistant Head) Mrs CE Shalom (Chief Financial Officer) Mr S Timpson (Assistant Head - appointed 29th April 2019)
Principal and Registered Office	Bredon Hill Academy Elmley Road Ashton Under Hill Evesham Worcestershire England WR11 7SW
Registered Company Number	10177811
Statutory Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
Bankers	Lloyds TSB PO Box 1000 BX1 1LT
Solicitors	Legal and Democratic Services Worcestershire County Council County Hall Spetchley Road Worcester Worcestershire WR5 2N

The Trustees present their annual report together with the financial statements and the auditor's report of The Hill Trust for the year ended 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust's principal activities are, for the public benefit to:

- Advance and promote education by, in particular but not limited to, the provision of facilities or property for any educational institution;
- Advance any other purposes which are exclusively charitable within the laws of England and Wales as may be determined by the trustees.

Structure, Governance and Management

Constitution

The Hill Trust was incorporated on 12 May 2016 as a Multi Academy Trust (MAT), the Trust's operations commenced when the first Academy opened on 1 September 2016. The Hill Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The Trustees of The Hill Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Hill Trust.

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

Members' Liability

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

Trustees' Indemnities

The Trust provides indemnity insurance to cover the liability of the Trustees and Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust.

Recruitment and Appointment of New Trustees

The Trust shall have no more than 12 trustees. Trustees are recruited and approved by the members according to the needs of the board and the skill set required. There must be a minimum of two parent trustees who must be a parent of a pupil at any of the academies in the trust at the time when they are elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction for trustees and governors will depend on their prior experience and/or knowledge. All new governors attend a 3 day course which they must complete within the first 3 months of their appointment. Ongoing training is given by the Local Authority and the National Governors Association.

Organisational Structure

The members of the Trust appoint the Trustees. The Trustees are responsible for the overall strategic direction and financial performance of The Hill Trust MAT. Each academy within the Trust has a local governing body which is in effect a sub-committee of the main board of directors and concentrates on the day to day running of the academy in accordance with the scheme of delegation. The Headteacher is the link between local governors and the Trustees as they reside on both boards.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Arrangements for pay and remuneration of the Trust's key management personnel is outlined in The Hill Trust's Pay Policy.

Related Parties and Other Connected Charities and Organisations

There have been no related party transactions during the period.

Objectives and Activities

Objectives, Strategies and Activities

The principal activity of the charitable company is the operation of The Hill Trust to provide a high standard of education to all pupils.

The Trust is governed, led and managed in a way that is reflective and self-critical. It is both ambitious but also realistic about future planning both strategic and developmental. It is also prudent with budgeting and constantly mindful of the challenging and uncertain financial times within the public and in particular educational sector.

We are an outward looking organisation willing to collaborate and share school-to-school support in keeping with the changing landscape. First class communication is a vital aspect of ensuring that the vision and direction of the Trust is clearly articulated. The website is integral in ensuring that pupils, parents, staff and the community at large, continue to feel engaged and clearly informed regarding the Trusts' values, purpose and direction.

Standards within Bredon Hill Academy are closely monitored by the Data Group that meets on a termly basis. The performance development of staff is closely linked to their professional development needs but also departmental and whole school priorities.

Medium to long-term objectives include:

- To provide the best possible outcomes for pupils. They ***must*** always be the primary focus of our work.
- To maintain the highest standards of learning and teaching.
- To 'holistically' develop the pupils through highly effective pastoral care, PSHE and co-curricular activities and enrichment.
- Maintain and develop the existing buildings and resources to provide facilities that are fit for 21st century learning.
- To continue to retain and recruit staff of the highest calibre who are self-reflective practitioners.
- To maintain and update the IT infrastructure for both educational and administrative purposes.
- Foster excellent relationships with all stakeholders; support and receive support from other schools.

- To remain financially stable, with strong internal controls and provide value for money in all aspects of our work.

- To explore opportunities to grow the Trust to a maximum of 5 schools in the next 3 – 5 years.

Public Benefit

In setting our objectives the Trustees' have given careful consideration to the Charity Commissions guidance on public benefit.

All the activities undertaken by the Trust are for the education of its pupils and the good of the wider local community. As such the primary objective of the Trust is to support those objectives and there is no financial return to any shareholders.

Strategic Report

Achievements and Performance including Key Performance Indicators

BREDON HILL ACADEMY 2018/19

Bredon Hill Academy prides itself in its strong sense of community; we learn together for success. At Bredon Hill, we aim to provide our pupils with an education which offers a broad and balanced curriculum combined with a wide range of extra-curricular opportunities. Our positive working ethos is embedded into all that we do, supporting our pupils to be inquisitive, creative and confident learners. We value each of our pupils and encourage them to reach their potential. We work hard to prepare them for when they move to high school and equip them for the wider world.

Bredon Hill Academy is a 10 –13, Year 6 to Year 8, Academy Converter and Designated Sponsor Academy. The school is popular and oversubscribed in Year 6. In 2018/19, Year 6 pupils came from 18 feeder first schools, and many came from out of the designated catchment area. The school's PAN (2018/19) is 486, 162 pupils in each year group. There were 483 on roll (KS2 – 164, KS3 – 319). The proportion of pupils who were considered to be disadvantaged, was below national average (37 FSM Spring Census 2019 and 13 EAL Spring Census 2019). The proportion of pupils who have special educational needs and/or disabilities, was below national average. (0.84% of the school cohort May 2019.)

The Academy is committed to growth and providing the best education for our pupils. Development areas are outlined in our Academy Improvement Plan and link to department reviews, department action plans, continued professional development, the academic review process (governor input) and the school evaluation form.

Leadership and Management: The previous headteacher retired at the end of the spring term resulting in changes and an extension to the leadership team. The new leadership team comprised of an acting headteacher (strategic vision of the school), an acting deputy headteacher (curriculum and teaching and learning), an acting assistant headteacher (designated safeguarding lead and behaviour or learning) and an acting headteacher (SENCo and pupil wellbeing). The business manager and assistant headteacher (data and assessment) remained in role. These posts were in place for the summer term 2019.

All members of the leadership and management teams work strategically to provide a quality education for all pupils, as well as setting high expectations in terms of academic standards and attitude to learning.

Curriculum: We continued to provide a broad and balanced curriculum at Key Stages 2 and 3. Lessons were subject based and the majority of lessons were taught by subject specialists. There were smaller intervention groups in maths and English to support learning and close learning gaps. At Key Stage 3, the pupils also had an enrichment afternoon where pupils choose an activity for a half term. Such activities included STEM, photography, music, dance and sport.

Behaviour for Learning: The vast majority of our pupils have an excellent attitude to learning which helps their progress and personal development. There is a robust behaviour for learning system in place which supports a whole school consistency towards behaviour. In addition, there have been improvements to our rewards' system.

Attendance: 96.2% (2017/18) 96.0% (2018/19).

Achievements and Performance including Key Performance Indicators

Bredon Hill Academy (BHA)

Key Stage 2 Standard Attainment Tests

We were again pleased to see another year of solid results. Working with a weaker cohort yet improving results in some areas and maintaining standards in others has been difficult. The figure for RWM (Reading, Writing and Maths) continued its upward trend: 43% (2016), 55% (2017), 65% (2018), and 57% (2019).

Writing increased significantly to 79%, a five percent increase over last year and now one per cent above national figures, Reading is slightly below by 3% at 70%, and maths 7% below national at 72%.

Writing and Maths will continue to be a continued focus of the collaborative work we do with our Feeder First Schools.

The table below compared BHA and national results attainment by Year 6 children in 2019:

BHA Data (unvalidated	BHA	National
Maths Expected +	72%	79%
Maths High Attainment	16%	27%
Reading Expected +	70%	73%
Reading High Attainment	27%	27%
Writing Expected +	79%	78%
Science Expected +	98%	83%
Reading, Writing & Maths Expected +	57%	65%
Reading, Writing & Maths High Attainment	6%	10%

Pupils are at BHA for two terms before they sit their KS2 SATs.

A greater indicator of academic progress and excellence is our entry to exit data (Year 6 entry to Year 8 exit) for last year's Year 8 (2016/17) entry cohort.

Our GL Assessment data which is externally marked and nationally accredited showed that in English, 89% of pupils left BHA working at or above age related expectations (ARE) in July 2019 with 83% making expected or more than expected progress. 59% of pupils made more than expected progress in English.

The outcomes in maths were even better with 96% working at or above ARE and 71% achieving expected or more than expected progress. 61% made more than expected progress in maths.

38% of pupils made more than expected progress in both English and maths.

Year 8 Exit Data – Summer 2019

SUBJECT	PERCENTAGE WORKING AT AGE EXPECTATIONS +	PERCENTAGE WORKING ABOVE AGE EXPECTATIONS
English	89%	41%
Maths	96%	34%
Science	94%	45%

The 2018/19 academic year was a busy and successful year. The vast majority of pupils were involved in at least one school trip during the academic year. There were residential trips (Yr 8 London and Yr 6 PGL), a range of day trips, including to the BBC Good Food Show at the NEC, Malvern Theatre Trip and Warwick Castle. There were themed learning days, such as the Yr 6 Greek Day and Shakespeare Experience Days. There was a school production of Peter Pan at Pershore No8 Theatre and a Year 6 Christmas show. There were Arts' Evenings to showcase poetry, drama, music, art, design, photography and dance.

The school continues to promote an International ethos and culture, through Full International Award, E-twinning and Erasmus+. Extra- curricular activities continue to flourish with excellent participation rates. There is an extensive sporting fixture list with the majority of pupils attending at least one sports' club during the year.

The Trustees are confident that the Academy will continue to build on its existing strengths and address any areas where provision is less than outstanding, through rigorous self-evaluation, action planning and professional development.

The Trustees continue to explore opportunities for collaboration with other schools in a Multi Academy Trust.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust had 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

Financial Report for the period

Bredon Hill Academy is currently the only academy within The Hill Trust. The accounting period runs from the 1st September 2018 to 31st August 2019. The majority of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

During the period the Academy also applied successfully for Capital Improvement Funding (CIF) of £369,368 towards replacing the flat roofs of the main school building and the design technology block. £126,639 of this funding was received during the period. The CIF income and associated expenditure are shown as restricted fixed asset funds. The work started in April 2019 and is planned to be finished in October 2019. At 31st August 2019, work to a value of £256,571 had been completed.

During the period a total expenditure (not including restricted fixed asset funds or conversion funds) of £2,408,366 was funded by the ESFA grant together with other incoming resources, totalling £2,416,269.

The Trust operates a defined benefit pension scheme for support staff and is therefore required to recognise the assets and liabilities of the pension fund on its Balance Sheet. The school has obtained a valuation report from its actuary's, Mercer, which shows at 31 August 2019 the scheme had assets of £386,000 and liabilities of £1,547,000. As such the net deficit in the scheme amounts to £1,161,000 at 31 August 2019.

Financial Position

The Trust held fund balances at 31 August 2019 of £7,598,136 comprising of £8,258,214 of restricted fixed asset funds, other restricted funds of £174,351, a pension reserve deficit of £1,161,000 and £326,571 of unrestricted general funds.

Reserves Policy

The Trust's "free" reserves are its funds after excluding restricted funds. "Reserves" are therefore the resources the Trust has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the Trust which is to be spent at the trustees' discretion in furtherance of any of the Trust's objectives but which is not yet spent, committed or designated.

Whilst demands on the Trust's free reserves will therefore vary over the coming years, the Trust's long-term policy is that the appropriate level of free reserves should be at least equivalent to one to two month's expenditure, currently estimated to be between £155,000 and £300,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trustees are currently managing an excess to the free reserves currently stated in the policy whilst the full effect of the implementation of the National Funding Formula and the removal of the public sector pay cap is realised. This excess is also being held to fund the trustees medium term financial plans relating to future planned capital expenditure on IT infrastructure and building improvements, including replacement of mobile classroom that have reached their end of life and the aged boiler system.

The Hill Trust has a pension deficit in respect of the Local Government Pension Scheme of £1,161,000. The liability is included in restricted reserves and the Trust will have to meet any long term liabilities out of restricted reserves. In order to repay the deficit employer contributions will be 17.0%. In addition, in order to protect the fund, phased lump sum deficit contributions were scheduled over three years at an average of £32,400 per annum. It is anticipated that the recovery period is 18 years. This deficit is considered a long term deficit and not an immediate liability.

Investment Policy

The Trustees agree all investments made by the Trust. Investments are currently restricted to deposit accounts in UK banks. Investments are made with regard to Charity Commission guidance in relation to investments.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Trust is exposed and identified and implemented strategies for addressing these risks. Significant risks and the measures in place to reduce these risks have been formally documented in the Trust's Risk Register, which is subject to continuing review. The Trustees continue to use the Academies Financial Handbook and associated documentation as a guide for best practice in internal control. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The principal risk areas are the protection of pupils, staff and assets as well as maintaining pupil numbers in order to manage the financial risks. Systems and procedures to minimise these are constantly being reviewed and updated.

Fundraising

The staff of The Hill Trust organise fundraising events within the school. Staff adhere to the Fundraising Regulators Code of Fundraising Practice. The Hill Trust does not use professional fundraisers or involve commercial participators. All direct marketing is undertaken by the finance department to ensure that it is not unreasonably intrusive or persistent. Contact is made through direct marketing just once a year. There have been no complaints about fundraising activities this year.

Plans for Future Periods:

The Governors are kept well informed regarding the 'Journey' that the Academy continues to take building on past successes and a traditional ethos based on the values of honesty, discipline and respect. The Academy itself has not been inspected as a new school but its predecessor, Bredon Hill Middle School, was rated "Outstanding" at inspection in March 2015.

The A.I.P. (Academy Improvement Plan) addresses the needs of the Academy in the coming year and there is a firm commitment from staff, senior leaders and governors to strive to maintain an outstanding grade. The Senior Leadership Team are very experienced, never complacent and the Academy has the capacity to sustain the highest possible grade.

Outcomes at the end of Year 8 are impressive in comparison to similar schools and there is a constant drive to improve these results, whilst ensuring a broad and balanced curriculum. Bredon Hill Academy is in a strong position and it is recognised as an exceptional school within the community and beyond.

Disclosure of Information to the Auditors

In so far 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.

This report incorporating the strategic report, was approved by order of the Board of Trustees, on 26/11/..... 2019 and signed on the board's behalf by:

.....
A Bailey
Trustee

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 The Hill Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the report of the Trustees and in the Statement of Trustees Responsibilities. The Board of Trustees has formally met 3 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
Mr A Bailey	3	3
Mr S Charlton (resigned 28th April 2019)	1	2
Miss S Mann	3	3
Mr J Rodrigues	1	3
Mr P Sagar	3	3
Miss D West (appointed 29th April 2019)	2	2
Mr P Womersley	3	3

Some of the above have joined or left during the year which accounts for the variation in attendances.

In addition to the full Board of Trustees meetings, the finance trustees met an additional 3 times. These meetings are held a week in advance of the full trustees meetings and enable detailed analysis of the management accounts, of the asset maintenance plans and any funding bids. The minutes of these meetings are circulated to all trustees and detailed feedback given at the next full trustees meeting

The monthly management accounts are circulated to all trustees to ensure that effective oversight of the funds is maintained.

Review of Value for Money

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

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

- Continually reviewing service level agreements for best value
- Combining staff roles and responsibilities upon natural wastage

- Reviewing staffing roles for creation of the curriculum
- Avoiding waste and unnecessary extravagance

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 the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the The Hill Trust for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including some 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;
- reviews by the board of trustees and finance 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 some segregation of duties;
- annual review including identification and management of risks.

The Board of Trustees had considered the need for specific internal audit function and has appointed an internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. Twice in the period, covering all three active terms of the educational year, the internal auditor reported to the board of trustees on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

We confirm that the Internal Audit function has been delivered in line with the ESFA's requirements. There have been no material control issues arising from the Internal Auditor's reports produced since their appointment to the date of the approval of the financial statements.

Review of Effectiveness

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

- the work of the internal auditors;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control 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 26/11/..... 2019 and signed on its behalf, by:

.....
A Bailey
Trustee

Deborah West
.....
D West
Headteacher and Accounting Officer

THE HILL TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR TO 31 AUGUST 2019

As Accounting Officer of The Hill Trust I have considered my responsibility to notify the 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 Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

Deborah West
D West
Accounting Officer

26/11/19
Date

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR TO 31 AUGUST 2019

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, 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 in the Charities SORP and the Annual Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education 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 26/11/ 2019 and signed on its behalf by:

.....

A Bailey
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HILL TRUST FOR THE YEAR TO 31 AUGUST 2019

Opinion

We have audited the financial statements of The Hill Trust for the year to 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2018 to 2019 issued by the Education and Skills Funding Agency.

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 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Scott Lawrence (Senior Statutory Auditor)

2/12/19
.....
Date

For and on behalf of Hazlewoods LLP

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF THE HILL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR TO 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 9th August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hill Trust during the year to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

RESPECTIVE RESPONSIBILITIES OF THE HILL TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting and Pupil & Parents Officer is responsible, under the requirements of The Hill Trust's funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies: Accounts Direction 2018 to 2019 issued by 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.

In this regard we have carried out the following:

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the ESFA regarding Academy governance matters during the period; and
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF THE HILL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR TO 31 AUGUST 2019

USE OF OUR REPORT

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

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

Scott Lawrence

.....

Scott Lawrence (Reporting Accountant)

2/12/19

.....

Date

For and on behalf of Hazlewoods LLP

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

THE HILL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Assets Funds £	Total 2019 £	Total 2018 £
INCOME AND ENDOWMENTS FROM:						
Donations & Capital grants	2	-	-	219,916	219,916	52,465
Charitable activities:						
Funding for the Academy's educational operations	3	-	2,140,637		2,140,637	2,014,810
Other trading activities	4	268,618	6,667	-	275,285	240,262
Investment Income	5	347	-	-	347	317
TOTAL		268,965	2,147,304	219,916	2,636,185	2,307,854
EXPENDITURE FROM:						
Charitable activities:						
Academy's educational operations	6, 7	242,864	2,165,502	191,640	2,600,006	2,390,878
TOTAL	6	242,864	2,165,502	191,640	2,600,006	2,390,878
NET INCOME / (EXPENDITURE) FOR THE PERIOD		26,101	(18,198)	28,276	36,179	(83,024)
Actuarial gain/(loss) on defined benefit pension scheme	23	-	(285,000)	-	(285,000)	115,000
NET MOVEMENT IN FUNDS		26,101	(303,198)	28,276	(248,821)	31,976
Transfers between funds		-	(46,435)	46,435	-	-
RECONCILIATION OF FUNDS						
Total funds brought forward	14	300,470	(637,016)	8,183,503	7,846,957	7,814,981
TOTAL FUNDS CARRIED FORWARD	14	326,571	(986,649)	8,258,214	7,598,136	7,846,957

The Trust was incorporated on 12 May 2016 and its operations commenced on 1 September 2016 when its first academy opened. Therefore the comparative results above are for the academy school year 1 September 2017 to 31 August 2018.

All Activities relate to continuing operations. The Statement of Financial Activities includes all gains and losses recognised in the period. The notes on pages 23 to 39 form part of these financial statements.

THE HILL TRUST

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	11		8,258,214		8,179,314
CURRENT ASSETS					
Debtors	12	152,971		104,980	
Cash at bank and in hand		708,640		572,686	
		861,611		677,666	
LIABILITIES					
Creditors: Amounts falling due within one year	13	(360,689)		(197,023)	
NET CURRENT ASSETS			500,922		480,643
TOTAL ASSETS LESS CURRENT LIABILITIES			8,759,136		8,659,957
Defined benefit pension scheme liability	23		(1,161,000)		(813,000)
TOTAL NET ASSETS			7,598,136		7,846,957
FUNDS OF THE ACADEMY:					
Restricted funds					
Restricted funds	14	174,351		175,984	
Restricted fixed asset funds	14	8,258,214		8,183,503	
Restricted funds excluding pension liability		8,432,565		8,359,487	
Pension reserve		(1,161,000)		(813,000)	
Total restricted funds	14		7,271,565		7,546,487
Unrestricted income funds	14		326,571		300,470
TOTAL FUNDS			7,598,136		7,846,957

The financial statements were approved by the Trustees, and authorised for issue on 26/11/ 2019 and are signed on their behalf by:

.....
A Bailey
Trustee

Company Limited by Guarantee
Registration Number: 10177811

THE HILL TRUST

CASH FLOW STATEMENT
FOR THE YEAR TO 31 AUGUST 2019

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by (used in) operating activities	18	186,231	129,052
Cash flows from financing activities	19	-	-
Cash flows from investing activities	20	(50,277)	(27,274)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		135,954	101,778
Cash and cash equivalents at 1 September 2019		572,686	470,908
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2019	21	708,640	572,686

1 STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation of Financial Statements

The financial statements of the Academy, 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 (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Hill Trust meets the definition of a public benefit entity under FRS 102.

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 one year from the date of approval of the financial statements.

Furthermore, the School is in a popular area and is always full from the point of view of pupil numbers. Given this position and the amount of applicants that apply for school places over and above the PAN, then the suggestions are that the School remains in a positive position with regard to the future.

Income

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

- Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amount of capital grant are reflected in the balance in the restricted fixed asset fund.

- Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

- Donations

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

1 ACCOUNTING POLICIES (continued)

- Other income

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

- Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies. No such donated Services or Gifts in Kind were received this year.

Long Leasehold Buildings

The Academy operates in premises leased from Worcestershire County Council under a 125 year agreement commencing 1 September 2016. The valuation of the Buildings was considered by the Trustees on conversion to Academy and was included at what they considered a reasonable estimate of the current market value. Note 11 refers.

Expenditure

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

- Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their expected useful lives on the following bases:

Freehold Land, Buildings and Improvements	-	2% - 10% on cost
Fixtures and fittings	-	10% - 20% on cost
Computer equipment	-	20% - 33% on cost

Leased Assets

In respect of leases that are operating leases, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution, are not included in the financial statements until they are sold or distributed.

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.

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1 ACCOUNTING POLICIES (continued)

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. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and Department for Education.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

None are included in this model but if relevant the suggested disclosure could be as follows, with valuation in line with the SORP 2015.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Critical accounting estimates and areas of judgement

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

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 23, will impact the carrying amount of the pension liability.

2 DONATIONS & CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DFE Devolved Formula	-	34,240	34,240	10,992
Other capital grants	-	185,676	185,676	41,473
	-	219,916	219,916	52,465
2018 Total	-	52,465	52,465	

3 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	2,008,018	2,008,018	1,894,229
Other DfE/ESFA grants	-	120,735	120,735	108,261
	-	2,128,753	2,128,753	2,002,490
Other government grants				
Local authority grants	-	11,884	11,884	12,320
Total	-	2,140,637	2,140,637	2,014,810
2018 Total	-	2,014,810	2,014,810	

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Hire of facilities	3,360	-	3,360	3,887
Catering	105,943	-	105,943	96,760
Trip income	150,326	-	150,326	112,282
Music services	8,989	-	8,989	8,838
Insurance payouts	-	540	540	8,322
Other	-	6,127	6,127	10,175
	268,618	6,667	275,285	240,262
2018 Total	221,766	18,496	240,262	

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Short term deposits	347	-	347	317
2018 Total	317	-	317	

6 EXPENDITURE

	Staff costs 2019 £	Non Pay Expenditure Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs	1,663,058	-	294,406	1,957,464	1,815,245
Allocated support costs	195,955	366,587	80,000	642,542	575,632
	1,859,013	366,587	374,406	2,600,006	2,390,878
2018 Total	1,786,472	308,220	296,186	2,390,878	

6 EXPENDITURE (continued)

Net income/(expenditure) for the period includes:

	Total 2019 £	Total 2018 £
Depreciation of tangible fixed assets	191,640	189,806
Operating leases	3,147	3,244
Fees paid to auditor for:		
- Audit fees	7,665	7,180
- Other	560	525

7 ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2019 £	Total 2018 £
DIRECT COSTS		
Teaching and educational support staff costs	1,663,058	1,583,401
Educational supplies and services	294,406	231,844
	1,957,464	1,815,245

	Total 2019 £	Total 2018 £
SUPPORT COSTS		
Support staff costs	195,955	203,071
Depreciation	191,640	189,806
Maintenance of premises and equipment	93,193	38,991
Cleaning	39,931	36,034
Energy costs	20,924	23,964
Rent and rates	7,635	8,285
Insurance	21,210	19,174
Security and transport	2,725	1,383
Telephone	4,979	1,105
Other	1,505	396
Print, postage and stationary	3,396	2,525
Subscriptions	1,247	2,464
Legal and professional fees	29,291	20,786
Accountancy and audit	8,225	7,705
Bank Charges	3,117	2,150
Software licensing	11,441	10,675
Loss on disposal of fixed assets	-	668
Staff development	4,513	4,850
Travel and subsistence	1,615	1,600
	642,542	575,632
Total	2,600,006	2,390,878

8 STAFF

Staff costs were as follows:	2019 £	2018 £
Wages and salaries	1,408,610	1,357,090
Social security costs	132,563	118,824
Pension costs	293,996	279,024
	1,835,169	1,754,938
Supply teacher costs	2,844	10,534
Pension finance cost (Note 23)	21,000	21,000
	1,859,013	1,786,472

Staff numbers

The average number of persons (including Senior Management Team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2019 No.	2018 No.
Teachers	25	26
Administration and support	18	18
Management	1	1
	44	45

Higher paid staff

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

	2019 No.	2018 No.
In the band £70,000 - £80,000	-	1
In the band £60,000 - £70,000	1	-

The employees participated in the Teachers' Pension Scheme. During the year end 31 August 2019 pension contributions amount to £10,392 (2018: £12,054).

Key management personnel

The key management personnel of the Academy 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 was £413,202 (2018: £319,672).

9 TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees also did not receive any payments, other than expenses, from the Academy in respect of their role and Trustees. The value of Trustees' remuneration, including employer pension contributions, fell within the following bands:

	2019 £	2018 £
S Charlton (Headteacher – retired April 2019)	50,000 – 60,000	80,000 - 90,000
D West (Acting Headteacher from April 2019)	70,000 – 80,000	-
S Mann (Teacher)	50,000 – 60,000	40,000 - 50,000

During the year to 31 August 2019, no travel and subsistence expenses were reimbursed to Trustees.

Other related party transaction involving the Trustees are set out in note 24.

10 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides up to £10,000,000 cover on any one claim and the cost for the year ended 31 August 2019 was included in the Schools combined insurance policies amounting to £10,829. The cost of this insurance is included in the total insurance cost and relates to a multiple-line policy provided by the ESFA.

11 TANGIBLE FIXED ASSETS

	Leasehold Land, Buildings & Improvements £	Fixtures and Fittings £	Computer equipment £	Total £
Cost				
At 1 September 2018	8,486,981	21,790	47,135	8,555,906
Transfer on conversion				
Additions	256,571	-	13,969	270,540
Disposals	-	-	(15,370)	(15,370)
At 31 August 2019	8,743,552	21,790	45,734	8,811,076
Depreciation				
At 1 September 2018	338,002	6,874	31,716	376,592
Charged for the period	174,871	3,436	13,333	191,640
Disposals	-	-	(15,370)	(15,370)
At 31 August 2019	512,873	10,310	29,679	552,862
Net book value				
At 31 August 2019	8,230,679	11,480	16,055	8,258,214
At 31 August 2018	8,148,979	14,916	15,419	8,179,314

11 TANGIBLE FIXED ASSETS (continued)

The Academy operates in premises leased from Worcestershire County Council under a 125 year agreement commencing 1 September 2016. On conversion the Trustees' agree to base their valuation of land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared with the additional benefit derived by the users of the accounts.

Due to the Academy buildings being deemed specialist in nature and therefore not traded in an open market, insurance valuation was deemed to be a reasonable estimate of depreciated replacement cost for recognition purposes.

12 DEBTORS

	2019	2018
	£	£
Trade and other debtors	36,586	54,654
Prepayments and accrued income	116,385	50,326
	152,971	104,980

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	203,520	64,286
Other taxation and social security	32,179	33,170
Other creditors	29,646	28,861
Accruals and deferred income	95,344	70,706
	360,689	197,023

Deferred income	2019
	£
Deferred income brought forward 1 September 2018	7,443
Resources deferred during the period	11,843
Amounts released from previous years	(7,443)
Deferred income at 31 August 2019	11,843

Income received during the year ended 31 August 2019 specific to funding for future years has been deferred accordingly.

14 STATEMENT OF FUNDS

	Brought Forward 2018 £	Incoming Resources £	Resources Expended £	Gains/ (Losses) and Transfers £	Balance at 31 August 2019 £
Restricted funds					
General Annual Grant (GAG)	171,234	2,008,018	(1,963,464)	(46,435)	169,353
Other DfE/ESFA grants	4,750	124,160	(124,487)	-	4,998
Other government grants	-	8,459	(8,459)	-	-
Other income	-	6,667	(6,667)	-	-
Pension reserve	(813,000)	-	(63,000)	(285,000)	(1,161,000)
	(637,016)	2,147,304	(2,165,502)	(331,435)	(986,649)
Restricted fixed asset funds					
DfE/ESFA Capital grants	92,482	219,916	(2,166)	-	310,232
Transfer on conversion	8,091,021	-	(189,474)	-	7,901,547
Capital expenditure from GAG	-	-	-	46,435	46,435
	8,183,503	219,916	(191,640)	46,435	8,258,214
Unrestricted funds	300,470	268,965	(242,864)	-	326,571
Total funds	7,846,957	2,636,185	(2,600,006)	(285,000)	7,598,136

14 STATEMENT OF FUNDS (Continued)

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

	Brought Forward 2017 £	Incoming Resources £	Resources Expended £	Gains/ (Losses) and Transfers £	Balance at 31 August 2018 £
Restricted funds					
General Annual Grant (GAG)	83,104	1,894,229	(1,806,099)	-	171,234
Other DfE/ESFA grants	4,750	108,261	(108,261)	-	4,750
Other government grants	-	12,320	(12,320)	-	-
Other income	-	18,496	(18,496)	-	-
Pension reserve	(879,000)	-	(49,000)	115,000	(813,000)
	(791,146)	2,033,306	(1,994,176)	115,000	(637,016)
Restricted fixed asset funds					
DfE/ESFA Capital grants	40,017	52,465	-	-	92,482
Devolved formula grant on conversion	-	-	-	-	-
Transfer on conversion	8,280,827	-	(189,806)	-	8,091,021
	8,320,844	52,465	(189,806)	-	8,183,503
Unrestricted funds					
Unrestricted funds	285,283	222,083	(206,896)	-	300,470
Total funds	7,814,981	2,307,854	(2,390,878)	115,000	7,846,957

14 STATEMENT OF FUNDS (CONTINUED)

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

The Restricted General Fund includes GAG and other grants receivable from the ESFA and Local Authority towards the Academy's educational activities. The Restricted Fixed Asset Fund includes amounts receivable from the ESFA in respect of tangible fixed assets held for Academy use.

The Pension Reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

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 2019.

During the year to 31 August 2019, Bredon Hill Academy was the only school within the Trust. As such, the funds above relate only to Bredon Hill Academy and no charges for central services arose during the year to 31 August 2019 (2018 No charges).

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances are represented by:

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Restricted Fixed Asset Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Tangible fixed assets	-	-	8,258,214	8,258,214	8,179,314
Current assets	326,571	535,040	-	861,611	677,666
Current liabilities	-	(360,689)	-	(360,689)	(197,023)
Pension scheme liability	-	(1,161,000)	-	(1,161,000)	(813,000)
	326,571	(986,649)	8,258,214	7,598,136	7,846,957

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

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Restricted Fixed Asset Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Tangible fixed assets	-	-	8,179,314	8,179,314	8,289,732
Current assets	300,470	373,007	4,189	677,666	513,232
Current liabilities	-	(197,023)	-	(197,023)	(108,983)
Pension scheme liability	-	(813,000)	-	(813,000)	(879,000)
	300,470	(637,016)	8,183,503	7,846,957	7,814,981

16 CAPITAL COMMITMENTS

At 31 August 2019, the Academy had £183,689 capital commitments (2018: £nil).

17 OPERATING LEASE COMMITMENTS

At 31 August 2019, the Academy had annual commitments under non-cancellable operating leases, none of which were for property, as follows:

	2019 £	2018 £
Expiring within one year	3,169	2,088
Expiring within two and five years inclusive	7,830	932
	10,999	3,020

Expense in the year of £3,147 (2018: £3,244).

18 RECONILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATIING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	36,179	(83,024)
Adjusted for:		
Interest receivable	(347)	(317)
Loss on disposal of tangible fixed assets	-	668
Depreciation of tangible fixed assets	191,640	189,806
Capital grants from DfE and other capital income	(219,916)	(52,465)
Defined benefit pension cost less contributions payable	42,000	28,000
Defined benefit pension finance cost	21,000	21,000
Increase in debtors	(47,991)	(62,656)
Increase in creditors	163,666	88,040
Net cash used in Operating Activities	186,231	129,052

19 CASH FLOWS FROM FINANCING ACTIVITIES

	2019 £	2018 £
Interest payable	-	-

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £	2018 £
Purchase of tangible fixed assets	(270,540)	(80,056)
Interest received	347	317
Capital grants from DfE/ESFA and other capital income	219,916	52,465
Net cash used in investing activities	(50,277)	(27,274)

21 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand and at bank	708,640	572,686
Total cash and cash equivalents	708,640	572,686

22 MEMBERS' LIABILITY

Each member of the Academy 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.

23 PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £261,584 (TPS) and £112,862 (LGPS) were paid to the schemes during the period to 31 August 2019. £21,285 (TPS) and £7,112 (LGPS) are included in creditors at the end of the year, prepaid LGPS deficit contribution of £18,900 (2018: £18,900) is also included in debtors.

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

23 PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £166,111 (2018: £161,619).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £112,862 (2018: £104,463) of which employer's contributions totalled £90,805 (2018: £82,490) (which includes £18,900 of prepaid amounts in respect of the period from 1 September 2018 to 31 March 2019) and employees' contributions totalled £22,056. In order to repay the deficit employer contributions will be 17.0%. In addition, in order to protect the fund, phased lump sum deficit contributions were scheduled over three years at an average of £32,400 per annum. It is anticipated that the recovery period is 18 years. This deficit is considered a long term deficit and not an immediate liability.

Principal actuarial assumptions

	2019 %	2018%
Discount rate for scheme liabilities	1.8	2.8
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment / inflation	2.2	2.2
Inflation assumption (CPI)	2.1	2.1

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

	2019	2018
Retiring today -		
Males	22.8	22.7
Females	25.8	25.7
Retiring in 20 years -		
Males	25.1	24.9
Females	28.2	28.0

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were:

	Fair value At 31 August 2019	Fair value at 31 August 2018
	£,000	£,000
Equities	274	203
Government bonds	29	21
Other bonds	19	12
Property	23	12
Cash	11	6
Other	30	10
Total market value of assets	386	264
Present value of scheme liabilities	(1,547)	(1,077)
Deficit in the scheme	(1,161)	(813)

23 PENSION COMMITMENTS (continued)

Amounts recognised in the statement of financial activities

	2019 £'000	2018 £'000
Current service cost (net of contributions)	21	7
Past service cost	21	-
Total operating charge	42	7

Analysis of pension finance income/(costs)

	2019 £'000	2018 £'000
Expected return on pension scheme assets	9	1
Interest on pension liabilities	(30)	(22)
Pension finance income/(costs)	(21)	(21)

Movements in the present value of the Academy's defined benefit obligations:

	2019 £'000	2018 £'000
Opening defined benefit liabilities	1,077	1,001
Current service cost	111	111
Interest cost	30	25
Employee contributions	22	20
Past service cost	21	-
Actuarial loss / (Gain)	289	(106)
Benefits paid	(3)	26
	1,547	1,077

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

	2019 £'000	2018 £'000
Opening fair value of scheme assets	264	122
Expected return on assets	9	4
Actuarial gains	4	9
Contributions by employer	91	84
Contributions by employee	22	20
Administration cost	(1)	(1)
Estimated benefits paid	(3)	26
	386	264

24 CONTINGENT LIABILITIES

Guaranteed Minimum Pension (GMP) Equalisation is a requirement to equalise the Guaranteed Minimum Pension benefits accrued between 1990 and 1997 from contracting out of the State Earnings Related Pension Scheme based on the principles outlined in the judgement of the "Lloyds Bank" High Court case in October 2018. The actuarial valuation prepared for the Local Government Pension Scheme (as disclosed in Note 23) does not currently included an adjustment for GMP Equalisation, as the fund actuary considers that a 'trigger event ' is yet to occur in the LGPS. The trigger event referred to in this instance is that Government are yet to confirm the long term solution and hence the potential impact of GMP equalisation remains an unknown. In view of this continuing uncertainty, no provision has been made in these financial statements in relation to this matter.

25 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 section organisations, transactions may take place with organisations in which a trustee 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 during the year ended 31 August 2019 (2018: none).

All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures.