

**The Hill Trust**  
**(A company limited by guarantee)**

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**Annual Report and  
Financial Statements  
2017-2018**

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# THE HILL TRUST

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## THE HILL TRUST

### REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR TO 31 AUGUST 2018

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<b>Members</b>	Mr M Nelson Mr J Rodrigues Mr R Umpelby
<b>Trustees</b>	Mr P Sagar (Chair of Board) Mr JRG Arthur (Resigned 4 <sup>th</sup> July 2018) Mr A Bailey (Appointed 9 <sup>th</sup> July 2018) Mr S Charlton (Headteacher / CEO) Miss S Mann (Teacher / Data Protection Officer) Mr I Perry (Resigned 12 <sup>th</sup> December 2017) Mr J Rodrigues Mr P Womersley
<b>Company Secretary</b>	Mrs CE Shalom (Chief Financial Officer)
<b>Senior Leadership Team</b>	Mr S Charlton (Headteacher) Mr J Firth (Assistant Head) (Resigned 31 <sup>st</sup> August 2018) Mr A Johnson (Assistant Head) (Appointed 1 <sup>st</sup> September 2018) Mrs M Jessop (Assistant Head) Mrs CE Shalom (Chief Financial Officer) Miss D West (Deputy Head)
<b>Principal and Registered Office</b>	Bredon Hill Academy Elmley Road Ashton Under Hill Evesham Worcestershire England WR11 7SW
<b>Registered Company Number</b>	10177811
<b>Statutory Auditors</b>	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
<b>Bankers</b>	Lloyds TSB PO Box 1000 BX1 1LT
<b>Solicitors</b>	Legal and Democratic Services Worcestershire County Council County Hall Spetchley Road Worcester Worcestershire WR5 2N

## **THE HILL TRUST**

### **TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018**

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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 2018. 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.

## THE HILL TRUST

### TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018

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#### **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 he resides 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 21<sup>st</sup> 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.

## THE HILL TRUST

### TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018

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- 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 (BHA)**

We were again pleased to see another year of improvement in KS2 SAT's results. The figure for RWM (Reading, Writing and Maths) leapt to 65% from 53% last year. The three year trend is very encouraging from 43% to 53% and 65%.

Reading continues above national, in 2018 by 9% at 84%, writing is 4% below national at 74% and maths 2% below national 74%. Maths has made further significant gains being 14% up on the results of 2017.

Writing will be a focus for 2018/19 and we will work within BHA and collaborate closely with our Feeder First Schools.

The table below compared BHA and national results attainment by Year 6 children in 2018:

<b>BHA Data (unvalidated)</b>	<b>BHA</b>	<b>National</b>	<b>Variation</b>
Maths Expected +	74%	76%	-2%
Maths High Attainment	18%	23%	-5%
Reading Expected +	84%	75%	+9%
Reading High Attainment	33%	28%	+5%
Writing Expected +	74%	78%	-4%
Writing Greater Depth	3%	20%	-17%

BHA Data (unvalidated)	BHA	National	Variation
Spelling & Grammar Expected +	72%	78%	-6%
Spelling & Grammar High Attainment	27%	34%	-7%
Science Expected +	96%	83%	+13%
Reading, Writing & Maths Expected +	65%	64%	+1%
Reading, Writing & Maths High Attainment	1%	10%	-9%

However, the Academy is a 10 – 13 Middle School (Year 6 – 8) and subsequently only has responsibility for two terms of the KS2 twelve term cycle and struggles to have real impact on KS2 performance.

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 (2015/16) entry cohort.

Our GL Assessment data which is externally marked and nationally accredited showed that in English, 93% of pupils left BHA working at or above age related expectations (ARE) in July 2018 with 97% making expected or above expected progress.

The outcomes in maths were even better with 96% working at or above ARE and 99% achieving expected or above progress. The exceptional figure was 72% making above expected progress in the 3 years from 2015/16 to 2017/18.

#### Year 8 Exit Data – Summer 2018

SUBJECT	PERCENTAGE WORKING AT AGE EXPECTATIONS +	PERCENTAGE WORKING ABOVE AGE EXPECTATIONS
English	93%	43%
Maths	96%	35%
Science	91%	33%

We are proud of the academic achievement of our pupils but also of how they excel in the wider curriculum, both during and after the school day. The Academy continues to promote the development of the 'whole child', looking beyond purely academic performance.

The 2017/18 academic year was packed full of opportunities and excitement for our pupils, with a wide range of activities running alongside the everyday curriculum.

A highlight of the year was undoubtedly four pupils (two Year 7 and two Year 8) reaching the BP National STEM Challenge Finals in London. This was the second consecutive year that a team from Bredon Hill Academy has been in the final.

The Arts Evening in July celebrated all that is great about the school in this field. We showcased: poetry, drama, music, art, design, photography and dance.

The Year 6 Christmas production allowed all Year 6's to take part and was well received by parents and friends of the school.

The school continues to promote an International ethos and culture, through Full International Award, E-twinning and Erasmus+. The theme of "Let Us Grow Our Own Green Future" marries conveniently with Eco-Schools and the development of the school garden and grounds as an area for outdoor learning. This, and a new indoor teaching space in the garden, affords numerous opportunities and positions of responsibility for our pupils.

The Academy is truly comprehensive and inclusive. We believe that home background and circumstances will not be a barrier to academic achievement and increasing life chances.

The curriculum at KS3 is broad and balanced with the addition of an Enrichment afternoon on Wednesdays, where pupils get to choose an option from photography, film, musical theatre, free running, and rural studies to name but a few. Pupils and staff regularly support local and national charities such as MacMillan Cancer Support, Red Nose Day, The Royal British Legion and Children In Need.

Extra- curricular activities continue to flourish with excellent participation rates. There is an extensive sporting fixture list and residential visits to France, London, Spain and PGL, alongside the Big Bang Science Fairs, London Art Galleries and Language Festivals.

It was another excellent year for sport with the following accolades:

#### **Rugby 2017/18 season**

This was a very successful season for the u13's rugby teams. The A team played 15 games and won 11 and lost 4 (these were against very strong Independent Schools). They were, however, undefeated against other State Schools and they ended up winning the Worcestershire Cup against a very well organised Hanley Castle School.

The B team performed equally well. They played 13 games, winning 9 and losing only 4. The B team entered the same Worcestershire Cup Competition as the A team and were competing against other schools A teams, eventually coming 2nd in their group and losing in the quarter finals of the competition.

During May, they finished off their season by travelling to Spain and Gibraltar for our annual Sports Tour. Both the A & B teams played 2 games, against Estrecho Rugby Club and Gibraltar Rugby Club. The A team won both matches comfortably and the B team won one and lost one.

To finish off the season, they had an Awards Evening to celebrate all the successes of the year. This was an opportunity to give out prizes to individuals who have stood out over the last 3 years at Bredon Hill.



## **THE HILL TRUST**

### **TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018**

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#### **Athletics 2017/18**

Bredon Hill Academy athletes had another successful year. In the first round of the National Competition, the girls finished 4th and the boys finished 7th. In the South Worcestershire District Competitions, the Year 6, 7 & 8 boys and girls all won their competition which was a fantastic achievement.

Pupils also competed in the Sports Hall Athletics competition. The Year 6 teams, both boys and girls, were runners up in their competitions and both the boys and girls teams for Years 7 & 8 won their respective competitions.

#### **Cricket 2017/18**

Our U13 cricket team continued the BHA sporting success by becoming the 6-A-Side Champions and getting to the semi-final of the County Cup.

#### **Football 2017/18**

Our U11 team made it through to the County Cup semi-final. The U13 team were runners up in the County Cup and the District Cup. A special mention should go to our U12 team who were also runners up in the County Cup competition but went one step further and became District champions. All our players worked really hard and the improvement in skills and confidence was very pleasing to see.

#### **Girls' Football 2017/18**

Our girls' football team also continued our pupils' impressive sporting representation by coming runners up in the County Cup final.

#### **Netball 2017/18**

Our Year 7 and 8 girls excelled this year; the Year 7 girls becoming District Champions which is extremely encouraging for this year's competition. However, our Year 8 girls went one step further, putting in an incredible performance to deservedly become District Champions and be unbeaten in all competitions they took part in.

#### **Table Tennis 2017/18**

Four pupils made up the BHA Table Tennis team and, in a truly impressive performance, became the District, County and Regional Champions.

#### **Tennis 2017/18**

Our Tennis players also had a very successful year. The girls were the eventual winners of the Worcestershire Division 2 and the boys were runners up in the same division.

#### **Inclusion Games 2017/18**

Yet again our pupils had great success in this sporting field. They were winners of the District KS3 New Age Kurling competition and runners up in the District KS2 Boccia competition.

The staff at the Academy, both teaching and non-teaching, are dedicated and passionate about their roles. TA's and teachers are determined to continue to improve as professionals. Staff turnover is very low.

The PAN in 2017/18 was 162 per year group and the schools has waiting lists and was full to capacity (486) at the last census. This bodes well for future financial planning.

## THE HILL TRUST

### TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018

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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 1<sup>st</sup> September 2017 to 31<sup>st</sup> August 2018. 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 2018 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 s106 funding of £41,473 which has been used to further improve the site facilities and to provide an access ramp to the main school building.

During the period a total expenditure (not including restricted fixed asset funds or conversion funds) of £2,201,072 was funded by the ESFA grant together with other incoming resources, totalling £2,255,389.

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 2018 the scheme had assets of £264,000 and liabilities of £1,077,000. As such the net deficit in the scheme amounts to £813,000 at 31 August 2018.

##### **Financial Position**

The Trust held fund balances at 31 August 2018 of £7,846,957 comprising of £8,183,503 of restricted fixed asset funds, other restricted funds of £175,984, a pension reserve deficit of £813,000 and £300,470 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 month's expenditure, currently estimated to be between £155,000 and £220,000. 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.

## **THE HILL TRUST**

### **TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018**

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The Hill Trust has a pension deficit in respect of the Local Government Pension Scheme of £813,000. 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 have been scheduled over the next two 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 participants. 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.

Since conversion in September 2016, the KS2 outcomes have improved and it is hoped that there will continue to be an upward trend. 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.

## THE HILL TRUST

### TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE YEAR TO 31 AUGUST 2018

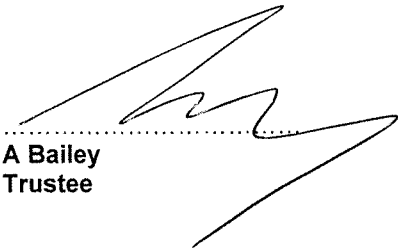
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#### Disclosure of Information to the Auditors

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 11<sup>th</sup> December 2018 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mr JRG Arthur (resigned 4 <sup>th</sup> July 2018)	3	4
Mr A Bailey (appointed 9 <sup>th</sup> July 2018)	1	1
Mr S Charlton	5	5
Miss S Mann	5	5
Mr I Perry (resigned 12 <sup>th</sup> December 2017)	0	1
Mr J Rodrigues	2	5
Mr P Sagar	4	5
Mr P Womersley	5	5

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

The trustees Finance Committee met 3 times during the year in addition to the above meetings.

Further to the decision to create the new Trust, existing governors were designated as either governors on the local governing body of Bredon Hill Academy or directors on the Board of Trustees of The Hill Trust with new trustees being recruited to reflect the needs of the board.

### **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 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the 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 2018 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. There have been no material control issues arising from the internal auditor's reports thus far.

**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 11 December 2018 and signed on its behalf, by:



A Bailey  
Trustee



S Charlton  
Headteacher and Accounting Officer

## THE HILL TRUST

### STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR TO 31 AUGUST 2018

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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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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.



.....  
**S Charlton**  
Accounting Officer

**11 December 2018**  
Date



## THE HILL TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR TO 31 AUGUST 2018

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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:

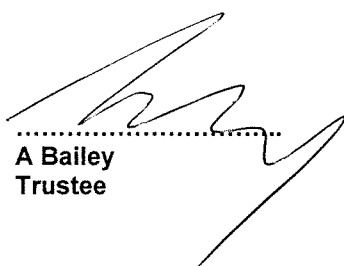
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 11 December 2018 and signed on its behalf by:



.....  
**A Bailey**  
Trustee

## Opinion

We have audited the financial statements of The Hill Trust for the year to 31 August 2018 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 2017 to 2018 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 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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 trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

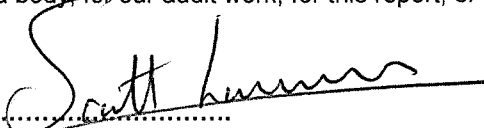
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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)

.....  
14/12/18  
Date

For and on behalf of Hazlewoods LLP

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

## THE HILL TRUST

### 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 2018

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In accordance with the terms of our engagement letter dated 18 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hill Trust during the year to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

#### RESPECTIVE RESPONSIBILITIES OF THE 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### APPROACH

We conducted our engagement in accordance with the Academies: Accounts Direction 2017 to 2018 issued by 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.

## THE HILL TRUST

### 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 2018

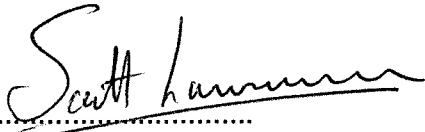
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#### USE OF OUR REPORT

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 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Scott Lawrence (Reporting Accountant)

14/12/18  
.....  
Date

For and on behalf of Hazlewoods LLP

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

THE HILL TRUST

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 2018

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Assets Funds £	Total 2018 £	Total 2017 £
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations & Capital grants	2	-	-	52,465	52,465	10,569
Transfer from Local authority on conversion	25	-	-	-	-	8,768,627
<b>Charitable activities:</b>						
Funding for the Academy's educational operations	3	-	2,014,810	-	2,014,810	2,048,510
Other trading activities	4	221,766	18,496	-	240,262	292,215
Investment Income	5	317	-	-	317	173
<b>TOTAL</b>		<u>222,083</u>	<u>2,033,306</u>	<u>52,465</u>	<u>2,307,854</u>	<u>11,120,094</u>
<b>EXPENDITURE FROM:</b>						
<b>Charitable activities:</b>						
Academy's educational operations	6, 7	206,896	1,994,176	189,806	2,390,878	2,449,113
Transfer of defined benefit pension deficit on conversion	25	-	-	-	-	868,000
<b>TOTAL</b>	6	<u>206,896</u>	<u>1,994,176</u>	<u>189,806</u>	<u>2,390,878</u>	<u>3,317,113</u>
<b>NET INCOME / (EXPENDITURE) FOR THE PERIOD</b>		15,187	39,131	(137,341)	(83,024)	7,802,981
Actuarial gain on defined benefit pension scheme	23	-	115,000	-	115,000	12,000
<b>NET MOVEMENT IN FUNDS</b>		15,187	154,131	(137,341)	31,976	7,814,981
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward	14	<u>285,283</u>	<u>(791,146)</u>	<u>8,320,844</u>	<u>7,814,981</u>	<u>-</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	14	<u>300,470</u>	<u>(637,015)</u>	<u>8,183,503</u>	<u>7,846,957</u>	<u>7,814,981</u>

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 2016 to 31 August 2017.

All Activities relate to continuing operations. The Statement of Financial Activities includes all gains and losses recognised in the period. The notes on pages 25 to 42 form part of these financial statements.

THE HILL TRUST

BALANCE SHEET  
AS AT 31 AUGUST 2018

	Note	£	2018 £	2017 £
<b>FIXED ASSETS</b>				
Tangible assets	11		8,179,314	8,289,732
<b>CURRENT ASSETS</b>				
Debtors	12	104,980		42,324
Cash at bank and in hand		<u>572,686</u>		<u>470,908</u>
		677,666		513,232
<b>LIABILITIES</b>				
Creditors: Amounts falling due within one year	13	<u>(197,023)</u>		<u>(108,983)</u>
<b>NET CURRENT ASSETS</b>			480,643	404,249
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,659,957</u>	<u>8,693,981</u>
Defined benefit pension scheme liability	23		<u>(813,000)</u>	<u>(879,000)</u>
<b>TOTAL NET ASSETS</b>			<u>7,846,957</u>	<u>7,814,981</u>
<b>FUNDS OF THE ACADEMY:</b>				
<b>Restricted funds</b>				
Restricted funds	14	175,984		87,854
Restricted fixed asset funds	14	<u>8,183,503</u>		<u>8,320,844</u>
Restricted funds excluding pension liability		8,359,487		8,408,698
Pension reserve		<u>(813,000)</u>		<u>(879,000)</u>
<b>Total restricted funds</b>	14		7,546,487	7,529,698
<b>Unrestricted income funds</b>	14		300,470	285,283
<b>TOTAL FUNDS</b>			<u>7,846,957</u>	<u>7,814,981</u>

The financial statements were approved by the Trustees, and authorised for issue on 11<sup>th</sup> December 2018 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 2018

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	Note	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided by (used in) operating activities	18	129,052	191,249
Cash flows from financing activities	19	-	-
Cash flows from investing activities	20	(27,274)	(4,006)
Cash transferred on conversion to academy trust		-	283,665
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>		<hr/> 101,778	<hr/> 470,908
Cash and cash equivalents at 1 September 2018		470,908	-
<b>CASH AND CASH EQUIVALENTS AT 31 AUGUST 2018</b>	21	<hr/> 572,686	<hr/> 470,908

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## 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 2017 to 2018 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018

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**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 25, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

**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 2018 £	Total 2017 £
DFE Devolved Formula	-	10,992	10,992	10,569
Other capital grants	-	41,473	41,473	-
	-	52,465	52,465	10,569
<b>2017 Total</b>	-	10,569	10,569	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018

**3 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £	Restricted Funds £	Total 2018 £	Total 2017 £
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	-	1,894,229	1,894,229	1,920,650
Other DfE/ESFA grants	-	108,261	108,261	112,963
	-	2,002,490	2,002,490	2,033,613
<b>Other government grants</b>				
Local authority grants	-	12,320	12,320	14,897
Total	-	2,014,810	2,014,810	2,048,510
<b>2017 Total</b>	-	2,048,510	2,048,510	

**4 OTHER TRADING ACTIVITIES**

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Hire of facilities	3,887	-	3,887	3,307
Catering	96,760	-	96,760	102,156
Trip income	112,282	-	112,282	161,808
Music services	8,838	-	8,838	12,342
Insurance payouts	-	8,322	8,322	4,800
Other	-	10,175	10,175	7,802
	221,766	18,496	240,262	292,215
<b>2017 Total</b>	280,033	12,183	292,215	

**5 INVESTMENT INCOME**

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Short term deposits	317	-	317	173
<b>2017 Total</b>	173	-	173	

**6 EXPENDITURE**

	Staff costs 2018 £	Non Pay Premises 2018 £	Expenditure Other costs 2018 £	Total 2018 £	Total 2017 £
<b>Academy's educational operations:</b>					
Direct costs	1,583,401	-	231,844	1,815,245	1,842,843
Allocated support costs	203,071	308,220	64,342	575,632	606,270
	1,786,472	308,220	296,186	2,390,878	2,449,113
<b>2017 Total</b>	1,749,640	328,007	371,466	2,449,113	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

**6 EXPENDITURE (continued)**

Net income/(expenditure) for the period includes:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Depreciation of tangible fixed assets	189,806	203,167
Operating leases	3,244	3,244
Fees paid to auditor for:		
- Audit fees	7,180	7,000
- Other	525	1,500
	<u>189,806</u>	<u>203,167</u>

**7 ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
<b>DIRECT COSTS</b>		
Teaching and educational support staff costs	1,583,401	1,547,341
Educational supplies and services	231,844	295,502
	<u>1,815,245</u>	<u>1,842,843</u>

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
<b>SUPPORT COSTS</b>		
Support staff costs	203,071	202,299
Depreciation	189,806	203,167
Maintenance of premises and equipment	38,991	43,608
Cleaning	36,034	35,918
Energy costs	23,964	21,035
Rent and rates	8,285	9,246
Insurance	19,174	14,566
Security and transport	1,383	3,770
Telephone	1,105	1,073
Other	396	367
Print, postage and stationary	2,525	4,383
Subscriptions	2,464	1,882
Legal and professional fees	20,786	28,490
Accountancy and audit	7,705	8,500
Bank Charges	2,150	856
Software licensing	10,675	20,808
Loss on disposal of fixed assets	668	1,520
Staff development	4,850	4,005
Travel and subsistence	1,600	777
	<u>575,632</u>	<u>606,270</u>
<b>Total</b>	<u>2,390,878</u>	<u>2,449,113</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

**8 STAFF**

<b>Staff costs were as follows:</b>	<b>2018 £</b>	<b>2017 £</b>
Wages and salaries	1,357,090	1,351,953
Social security costs	118,824	123,725
Pension costs	279,024	243,603
	<u>1,754,938</u>	<u>1,719,281</u>
Supply teacher costs	10,534	12,359
Pension finance cost (Note 23)	21,000	18,000
	<u>1,786,472</u>	<u>1,749,640</u>

**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:

	<b>2018 No.</b>	<b>2017 No.</b>
Teachers	26	26
Administration and support	18	18
Management	1	1
	<u>45</u>	<u>45</u>

**Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	<b>2018 No.</b>	<b>2017 No.</b>
In the band £70,000 - £80,000	1	1
In the band £50,000 - £60,000	<u>1</u>	<u>1</u>

The employees participated in the Teachers' Pension Scheme. During the year end 31 August 2018 pension contributions amount to £21,596 (2017: £20,690).

**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 £319,672 (2017: £303,543).



**NOTES TO THE FINANCIAL STATEMENTS  
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**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:

	2018 £	2017 £
S Charlton (Headteacher)	80,000 - 90,000	80,000 - 90,000
S Mann (Teacher)	40,000 - 50,000	40,000 - 50,000

During the year to 31 August 2018, 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 2018 was included in the Schools combined insurance policies amounting to £10,457. 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 £
<b>Cost</b>				
At 1 September 2017	8,413,102	21,790	55,727	8,490,619
Transfer on conversion				
Additions	73,879	-	6,177	80,056
Disposals	-	-	(14,769)	(14,769)
At 31 August 2018	<u>8,486,981</u>	<u>21,790</u>	<u>47,135</u>	<u>8,555,906</u>
<b>Depreciation</b>				
At 1 September 2017	168,262	3,437	29,188	200,887
Charged for the period	169,740	3,437	16,629	189,806
Disposals	-	-	(14,101)	(14,101)
At 31 August 2018	<u>338,002</u>	<u>6,874</u>	<u>31,716</u>	<u>376,592</u>
<b>Net book value</b>				
At 31 August 2018	<u>8,148,979</u>	<u>14,916</u>	<u>15,419</u>	<u>8,179,314</u>
At 31 August 2017	<u>8,244,840</u>	<u>18,353</u>	<u>26,539</u>	<u>8,289,732</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

**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**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other debtors	54,654	8,090
Prepayments and accrued income	50,326	34,234
	<u>104,980</u>	<u>42,324</u>

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	64,286	21,170
Other taxation and social security	33,170	34,595
Other creditors	28,861	27,381
Accruals and deferred income	70,706	25,837
	<u>197,023</u>	<u>108,983</u>

<b>Deferred income</b>	<b>2018</b>
	<b>£</b>
Deferred income brought forward 1 September 2017	4,750
Resources deferred during the period	7,443
Amounts released from previous years	<u>(4,750)</u>
Deferred income at 31 August 2018	<u>7,443</u>

Income received during the year ended 31 August 2018 specific to funding for future years has been deferred accordingly.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018

## 14 STATEMENT OF FUNDS

	Brought Forward 2017 £	Incoming Resources £	Resources Expended £	Gains/ (Losses) and Transfers £	Balance at 31 August 2018 £
<b>Restricted funds</b>					
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)
	<u>(791,146)</u>	<u>2,033,306</u>	<u>(1,994,176)</u>	<u>115,000</u>	<u>(637,016)</u>
<b>Restricted fixed asset funds</b>					
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
	<u>8,320,844</u>	<u>52,465</u>	<u>(189,806)</u>	<u>-</u>	<u>8,183,503</u>
Unrestricted funds	285,283	222,083	(206,896)	-	300,470
<b>Total funds</b>	<u>7,814,981</u>	<u>2,307,854</u>	<u>(2,390,878)</u>	<u>115,000</u>	<u>7,846,957</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018

## 14 STATEMENT OF FUNDS (Continued)

	Incoming Resources £	Resources Expended £	Gains/ (Losses) and Transfers £	Balance at 31 August 2017 £
<b>Restricted funds</b>				
General Annual Grant (GAG)	1,920,650	(1,837,546)	-	83,104
Other DfE/ESFA grants	112,963	(108,213)	-	4,750
Other government grants	14,897	(14,897)	-	-
Other income	12,182	(12,182)	-	-
Pension reserve	-	(23,000)	(856,000)	(879,000)
	<u>2,060,692</u>	<u>(1,995,838)</u>	<u>(856,000)</u>	<u>(791,146)</u>
<b>Restricted fixed asset funds</b>				
DfE/ESFA Capital grants	10,569	-	29,448	40,017
Devolved formula grant on conversion	33,771	(4,323)	(29,448)	-
Transfer on conversion	8,479,671	(198,844)	-	8,280,827
	<u>8,524,011</u>	<u>(203,167)</u>	<u>-</u>	<u>8,320,844</u>
<b>Unrestricted funds</b>				
Transfer on conversion	255,185	-	(255,185)	-
Other unrestricted funds	280,206	(250,108)	255,185	285,283
	<u>535,391</u>	<u>(250,108)</u>	<u>-</u>	<u>285,283</u>
<b>Total funds</b>	<u>11,120,094</u>	<u>(2,449,113)</u>	<u>(856,000)</u>	<u>7,814,981</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

**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 2018.

During the year to 31 August 2018, 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 2018 (2017 No charges).

**15 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances are represented by:

	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)
	<u>300,470</u>	<u>(637,016)</u>	<u>8,183,503</u>	<u>7,846,957</u>	<u>7,814,981</u>

**16 CAPITAL COMMITMENTS**

At 31 August 2018, the Academy had no capital commitments (2017: £nil).

**17 OPERATING LEASE COMMITMENTS**

At 31 August 2017, the Academy had annual commitments under non-cancellable operating leases, none of which were for property, as follows:

	2018 £	2017 £
Expiring within one year	2,088	3,244
Expiring within two and five years inclusive	<u>932</u>	<u>3,020</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

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

	2018 £	2017 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(83,024)	7,802,981
Adjusted for:		
Interest receivable	(317)	(173)
Loss on disposal of tangible fixed assets	668	1,520
Depreciation of tangible fixed assets	189,806	203,167
Capital grants from DfE and other capital income	(52,465)	(10,569)
Defined benefit pension cost less contributions payable	28,000	(5,000)
Defined benefit pension finance cost	21,000	18,000
Net transfer on conversion to academy excluding LGPS pension deficit (Note 25)	-	(8,768,627)
Pension deficit on conversion (Note 25)	-	868,000
Increase in debtors	(62,656)	(8,553)
Increase in creditors	88,040	80,503
<b>Net cash used in Operating Activities</b>	<u>129,052</u>	<u>191,249</u>

**19 CASH FLOWS FROM FINANCING ACTIVITIES**

	2018 £	2017 £
Interest payable	<u>-</u>	<u>-</u>

**20 CASH FLOWS FROM INVESTING ACTIVITIES**

	2018 £	2017 £
Purchase of tangible fixed assets	(80,056)	(14,748)
Interest received	317	173
Capital grants from DfE/ESFA and other capital income	52,465	10,569
<b>Net cash used in investing activities</b>	<u>(27,274)</u>	<u>(4,006)</u>

**21 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand and at bank	572,686	470,908
<b>Total cash and cash equivalents</b>	<u>572,686</u>	<u>470,908</u>

**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 £254,745 (TPS) and £104,463 (LGPS) were paid to the schemes during the period to 31 August 2018. £20,796 (TPS) and £6,623 (LGPS) are included in creditors at the end of the year, prepaid LGPS deficit contribution of £18,900 (2017: £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 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 £161,619 (2017: £160,425).

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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**23 PENSION COMMITMENTS (continued)**

**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 2018 was £ 104,463 (2017: £114,232) of which employer's contributions totalled £82,490 (2017: £96,771) (which includes £18,900 of prepaid amounts in respect of the period from 1 September 2017 to 31 March 2018) and employees' contributions totalled £19,974. 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 have been scheduled over the next 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**

	2018 %	2017 %
Discount rate for scheme liabilities	2.8	2.4
Rate of increase in salaries	3.6	3.7
Rate of increase for pensions in payment / inflation	2.2	2.2
Inflation assumption (CPI)	2.1	2.2

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

	2018	2017
Retiring today -		
Males	22.7	22.6
Females	25.7	25.6
Retiring in 20 years -		
Males	24.9	24.8
Females	28.0	27.9

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

	Fair value At 31 August 2018 £,000	Fair value at 31 August 2017 £,000
Equities	203	105
Government bonds	21	-
Other bonds	12	6
Property	12	5
Cash	6	2
Other	10	4
Total market value of assets	264	122
Present value of scheme liabilities	(1,077)	(1,001)
Deficit in the scheme	(813)	(879)



**NOTES TO THE FINANCIAL STATEMENTS  
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**23 PENSION COMMITMENTS (continued)****Amounts recognised in the statement of financial activities**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Current service cost (net of contributions)	7	5
Total operating charge	<u>7</u>	<u>5</u>

**Analysis of pension finance income/(costs)**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Expected return on pension scheme assets	1	1
Interest on pension liabilities	(22)	(19)
<b>Pension finance income/(costs)</b>	<u>(21)</u>	<u>(18)</u>

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

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Opening defined benefit liabilities	1,001	868
Current service cost	111	101
Interest cost	25	19
Employee contributions	20	17
Actuarial loss / (Gain)	(106)	(4)
Benefits paid	26	-
	<u>1,077</u>	<u>1,001</u>

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

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Opening fair value of scheme assets	122	-
Expected return on assets	4	1
Actuarial gains	9	8
Contributions by employer	84	97
Contributions by employee	20	17
Administration cost	(1)	(1)
Estimated benefits paid	26	-
	<u>264</u>	<u>122</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 2018**

**24 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 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 2018 (2017: none).

**25 CONVERSION TO AN ACADEMY TRUST**

On 1 September 2016 Bredon Hill Middle School converted to Academy Trust status under the Academies Act 2010 and the operations, assets and liabilities were transferred to The Hill Trust from Worcestershire County Council Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method, the assets and liabilities were transferred at fair value and recognised in the balance sheet under appropriate headings with a corresponding amount recognised as income and resources expended in the Statement of Financial Activities as voluntary income and other resources expended.

	Unrestricted funds £	Restricted General fund £	Restricted Fixed Asset Funds £	Total £
<b>Fixed assets</b>				
Freehold Land and Buildings	-	-	8,413,102	8,413,102
IT Equipment	-	-	44,779	44,779
Fixtures and Fittings	-	-	21,790	21,790
<b>Current assets</b>				
Cash and cash equivalents	283,665	-	-	283,665
Devolved formula grant	-	-	33,771	33,771
<b>Current liabilities</b>				
Deferred income	(28,480)	-	-	(28,480)
<b>Pension scheme liability</b>	-	(868,000)	-	(868,000)
	<u>255,185</u>	<u>(868,000)</u>	<u>8,513,442</u>	<u>7,900,627</u>