
THE HILLS ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE HILLS ACADEMY
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

C Jones
R Watson

Governors

C Jones, Chair (Chair up to 15 May 2018)
M Whitehead, Head Teacher¹
T Foster (resigned 21 July 2018)¹
R Watson¹
C Palmer (resigned 31 August 2018)
R Wightman¹
S Bourne
J Williams
N Henson¹
N M Rouse, (Chair from 15 May 2018)
L E Edwards (resigned 21 June 2018)
C Daisley (appointed 26 September 2017)
R Pointer (appointed 12 January 2018)¹
D Bevan (appointed 12 January 2018)¹
A Henderson (appointed 21 July 2018)

¹ Resources Committee

Company registered number

08434199

Company name

The Hills Academy

Principal and registered office

The Hills Academy
Stancliffe Road
Bedford
MK41 9AT

Senior management team

M Whitehead, Head Teacher and Accounting Officer
V Thomson, Deputy Head Teacher and Ks 2 Coordinator
S Dickson, School Business Manager
T Antoine, Early Years Coordinator
M Parker, Maths Coordinator and Ks1 Coordinator
L Capon, Literacy Coordinator

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
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Advisers (continued)

Independent auditors

Streets Audit LLP
Chartered Accountants
Statutory Auditors
Potton House
Wyboston Lakes
Great North Road
Bedfordshire
MK44 3BZ

Bankers

Lloyds Bank
34 High Street
Bedford
MK40 1SB

Solicitors

Stone King LLP
Wellington House
East Road
Cambridge
CB1 1BH

THE HILLS ACADEMY
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 10 serving a catchment area in Bedford. It has a pupil capacity of 360 plus the nursery provision and had a roll of 334 in the school census on 18 May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Hills Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Hills Academy.

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

b. 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.

c. Governors' Indemnities

In accordance with normal practice the Academy has purchased insurance to protect the governors and officers of the Academy from claims arising from negligent acts, errors or omissions whilst on Academy business. The arrangements for this type of cover under the policy are as follows:

The cover under the policy is in the Professional Liability Section where the limit of indemnity is £10,000,000, being the total amount payable during any one period of insurance.

Included in this section is a note on 'Section Deductible' where it states that there is a limit of £1,000 each and every claim and in the aggregate.

In the period under review no sums were paid out.

d. Method of Recruitment and Appointment or Election of Governors

The Hills Academy governors are appointed or elected in various ways depending on the type of post they are holding.

In addition to their overall role as governors, The Hills Academy governors are appointed or elected for the purpose of ensuring that the character of the Academy is preserved and developed. They are also appointed to ensure that the Academy's affairs are conducted in accordance with its governing documents as well as any trust deed relating to the Academy.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Various types of Governors of the Academy are:

Parent Governors - The Articles of Association require that there shall be a minimum of two elected and no set maximum of parent governors. Parents, including carers of registered pupils at the Academy are eligible to stand as individuals for election as a Parent Governor.

They are elected by other parents at the Academy as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Governor elections.

If insufficient parents stand for election, the Governing Body must appoint Parent Governors to bring their number up to that required by the Articles of Association. Such appointed Parent Governors would preferentially be parents or carers of registered pupils at the Academy. If, however, no such parents are willing to undertake the role then the Governing Body can appoint any person who is the parent or carer of one or more school-age children.

Staff Governors - The Articles of Association state that the total number of governors (including the Head/Principal) who are employees of the Academy Trust shall not exceed one third of the total number of Governors.

It also states that the Academy should have a minimum of two Staff Governors who are elected by the academy staff as individuals, representative of the staff of the Academy and to this end, comprising up to one representative of the teaching staff and one representative of the non-teaching support staff.

At The Hills Academy, if no teacher stands for election a member(s) of the support staff can be elected to take these places.

The Staff Governors shall be elected by staff members at the Academy and must be a staff member at the time when elected. If a Staff Governor ceases to be a staff member then he shall be deemed to have resigned and shall cease to be a governor.

The Governors shall make all necessary arrangements for, and determine all other matters relating to, an election of the Staff Governors, including any question of whether a person is a staff member. Any election of Staff Governors which is contested shall be held by secret ballot.

Community Governors - The Governing Body Members may appoint up to 7 Governors, provided that the total number of governors (including the Head/Principal) who are employees of the Academy Trust shall not exceed one third of the total number of governors. These member appointed governors are known as Community Governors at The Hills Academy.

There is no minimum requirement of governors in this category however, in order to maintain a good balance of governors from across the different categories, the members will need to consider whether a minimum number should be stated as part of the development of our standing orders.

These governors can be people who live or work in the community served by the academy or people who live outside of the immediate area and who are committed to the good governance and success of the Academy. They bring a range of experience and a diversity of different backgrounds which helps the Academy in its decision making.

Vacancies for Member Appointed (Community) Governors will be advertised through various media across the school including verbal networking, school newsletter, text service and by posting the details on the Academy web site.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Anyone expressing an interest in becoming an Appointed Governor will be asked to provide appropriate curriculum vitae with a letter of application. Following an informal interview with the Chair and Headteacher, a recommendation will be made to the members and the whole application will be considered by them at the next available opportunity.

Co-opted Governors - The Governors may appoint Co-opted Governors. There is no minimum or maximum number of this category of governor that The Hills Academy can have.

A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Head/Principal).

Overall, the governance structure at The Hills Academy is one which offers maximum flexibility within company and education law and which enables the Academy to elect and appoint governors who can bring the right skills, knowledge, experience and expertise at the right time to help minimise the effects of any gaps in our working practices and structures.

e. Policies and Procedures Adopted for the Induction and Training of Governors

Following their appointment / election all new governors receive an introduction to their role from the Chair and Headteacher, which includes tours of the Academy site and the opportunity to meet other members of staff. It will also include being paired with other governors at their first meetings to support their knowledge and understanding of what is happening and why and is a key part of the induction process.

The Governing Body at The Hills Academy is committed to providing opportunities for governors to undertake and receive suitable training so as to enable them to undertake their role more effectively.

To this end the Governing Board maintains a subscription to Bedford Borough Council's Governor Training Programme. This allows for any or all of the members of the Governing Board to attend any of the training courses provided by the Council, to participate in on-line Governor training and to have bespoke training / support from them.

All new Governors are actively encouraged to take advantage of this and as a minimum are expected to attend Governor Induction Training as soon as possible after joining the Governing Body so as to gain a better understanding of the role and responsibilities of being a School Governor. Additionally governors with specific roles within the Governing Board are strongly encouraged to undertake training relating to their role(s).

The Chair, one other governor and a nominated adviser to the governing body, are jointly responsible for identifying and assessing the needs of the Governing Body and for promoting the training programme to ensure the Governing Body gets full value for the subscription that is paid and Governors achieve a reasonable level of Continuous Professional Development.

Governors are responsible for booking their own training, keeping the aforementioned people informed about what they are doing and for establishing and maintaining their own training records on the Governor Hub portal.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

f. Organisational Structure

At The Hills Academy the majority of the roles and responsibilities of the Governing Body have been delegated to a small number of committees. The Full Governing Body has retained responsibility for certain aspects, again as defined in the Standing Orders.

Members of the Senior Leadership Team (SLT), in addition to the Headteacher, attend Governors' meetings as advisers, as and when it is appropriate to do so.

The Governors are responsible for the strategic management of the Academy; deciding on and setting key aspects of the Academy, including strategic direction, annual budgets, large scale spending, staff appointments, policy changes, etc.

Operational management is the responsibility of the Headteacher and is supported by the Senior Leadership Team (SLT) and Middle Leaders.

Academy policies are developed by senior members of the Academy staff, to reflect both the strategic direction agreed by the Governors and also statutory requirements. These policies are approved and adopted by the Governing Body, and implemented as procedures and systems by the SLT and other designated members of staff.

The Senior Leadership Team are the Head Teacher, Deputy Head and SENDCO responsible for Ks2, the School Business Manager, the Early Years Coordinator, Ks1 Coordinator responsible for Numeracy and the Literacy Coordinator. These leaders control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them.

As a group, the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the allocation and management of staff. Senior leaders are responsible for ensuring that recruitment procedures are followed and all appointments include a Governor on the interview panel.

The Middle Leaders Team includes subject leaders. These leaders are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and pupils.

In the accounting period concerned from 1st September 2017 until 31st August 2018 the:

Full Governing Body has met six times – 03/10/17; 5/12/17; 23/01/18; 20/03/18; 15/05/18; 10/7/18

Resources Committee has met five times – 26/09/17; 28/11/17; 16/01/18; 13/03/18; 08/05/18; 03/07/18

Standards Committee has met six times – 19/09/17; 29/11/17; 17/01/18; 14/03/18; 09/05/18; 04/07/18

g. Arrangements for setting pay and remuneration of key management personnel

Headteacher pay is set by the Headteacher Performance Management team following performance management review. The pay of all other staff is considered annually and at strategic times in the year by the Resources Committee as recommended by the Headteacher.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

a. Objects and Aims

The principal object and activity of The Hills Academy Trust is the operation of The Hills Academy to provide education for pupils of all abilities, economic, social and cultural backgrounds between the ages of 3 and 10 years, drawn mostly from its catchment area and feeder schools, as defined by the Local Authority.

The Governing Body is committed to the principle of maintaining the comprehensive character of the Academy and as such there are no specific aptitude requirements for prospective pupils.

b. Objectives, Strategies and Activities

The curriculum complies with the substance of the National Curriculum. The main objectives of the academy during the year ended 31 August 2018 are summarised below.

Aims

All pupils have a right to a broad, balanced and relevant education which provides continuity and progression and takes individual differences into account. Work in school should be designed to meet the requirements of the National Curriculum.

The Academy should:

- cater for the needs of individual pupils of both sexes from all ethnic and social groups, including the most able and those who are experiencing learning difficulties; facilitate pupil's acquisition of knowledge, skills and qualities which will help them to develop intellectually, emotionally, socially, physically, morally and aesthetically, so that they may become independent, responsible, useful, thinking, confident and considerate members of the community;
- create and maintain an exciting and stimulating learning environment;
- ensure that each pupil's education has continuity and progression;
- ensure that there is a match between the pupil and the tasks he/she is asked to perform;
- provide an appropriate curricular balance amongst the competing and sometimes conflicting aims of education;
- recognise the crucial role which parents play in their child's education and make every effort to encourage parental involvement in the educational process;
- treat pupils in a dignified way;
- provide opportunities for pupil's to develop themselves as creative thinkers, reflective learners, team workers, independent enquirers, effective participators and self-managers

c. Public Benefit

In setting the Academy's objectives and planning its activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Academy is a non-profit organisation that currently provides a free education for the benefit of children between 3 and 10 years of age. When oversubscribed, admissions to the Academy are administered according to its published Admissions Criteria.

The key public benefit delivered by The Hills Academy is the maintenance and development of the high quality education to the children of the Putnoe and Goldington community areas within Bedford Borough and those pupils who enter the school from areas bordering this.

In doing this The Hills Academy not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips and visits are offered and undertaken by our children. The school also partners with other organisations to ensure that pupils are signposted to community opportunities.

Academy Development Plan & Objectives for the Academic Year 2017/18

Our four main priorities were:

- Objective 1 – Reading, comprehension and inference
- Objective 2 – Mathematics mastery
- Objective 3 – Assessment - the introduction of Target Tracker
- Objective 4 – SEND staff development

STRATEGIC REPORT

a. Achievements and Performance

The Academy has retained the vast majority of pupils in all year groups throughout the year, with 379 (including Nursery) pupils on roll at the end of the academic year (31st August 2018).

The Academy implements a rigorous programme of assessment, monitoring and reporting to ensure that standards are continually scrutinized in order to plan effectively for school improvement and raise achievement.

In the Early Years pupils are continually assessed against their developmental levels. This is done through the use of an interactive learning Profile and the writing of observations and storage of evidence (including evidence from parents and carers). In Key Stage 1 and 2 assessment is updated weekly for every child in Reading, Writing and Mathematics – this is assessed through Target Tracker which allows data to be quickly analysed and the performance of groups, Teachers are held accountable for the progress of their pupils through twice termly Pupil Progress meetings which are held with the class teacher, Pupil Premium Champion, Headteacher and SENDCO. The progress (academically and wellbeing) of every child is discussed and swift action is put in place through planned six week focusses where any child is not making good progress or where welfare concerns are raised.

Targets are set at the end of the summer term for every child and then reviewed after the autumn half term. Targets are presented to the governing body at the beginning of December for review.

Monitoring takes place through lesson observations, peer observations, planning and work scrutiny, appraisal reviews, pupil discussions and learning walks, all of which involve professional feedback to staff. Further monitoring is done through the Education Development Trust school peer review program and use of Independent School Improvement Advisors.

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The performance and progress of pupils are analysed by groups of learners (i.e. gender, vulnerable learners, EAL pupils, term of birth and ethnicity) twice termly and inconsistencies in anomalies are swiftly addressed. Details of this can be accessed through the school website.

Reporting to students and parents is on-going throughout the year, both informally e.g. in the marking of work and formally in Pupil Progress Summary Sheets, termly reports to parents and consultation evenings (twice a year plus an informal evening).

School Attainment at National Assessment Points

Reception

End of Reception Year 2018	Good Level of Development
All (60 pupils)	71.7%
Boys (35 pupils)	62.9%
Girls (25 pupils)	84%

Phonics Screening

Year Group	Working at
Year 1 (60 pupils)	66.1%
Year 2 (60 pupils)	88.1%

Year 2 SAT's

All pupils (60)	Working at age related or above
Reading	78.9%
Writing	75%
Maths	83.3%

b. Key Performance Indicators

The Governors consider that the following are key performance indicators for the Academy Trust:

- Percentage of income received from the ESFA and LA Grants spent on total staff costs
- Pupil numbers (leading directly to ESFA funding level) and;
- General financial stability – aim for income to match expenditure each year

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors have been pleased that expectations for all key performance indicators listed have been successfully met during the year.

c. Going Concern

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

FINANCIAL REVIEW

Most of the School's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG), the use of which is restricted for education purposes. The grants received from the ESFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

The total income for the period was £1,526,272.

The excess of expenditure over income for the period, excluding the fixed assets fund and actuarial losses was £13,959.

At 31 August 2018, the School had total funds of £3,544,088. This comprised £41,509 of restricted funds, the pension reserve deficit relating to the Local Government defined benefit scheme for non-teaching staff of £372,000, restricted fixed asset funds of £3,638,490 and unrestricted fundings of £236,089.

a. Reserves Policy

General:

The Governors review the reserve levels of the Academy, annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governors will keep the level of free reserves under review to ensure 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 Academy's current level of free reserves (total funds less the amount held in fixed assets) is £277,598. The Academy intends to continue building-up free reserves.

The Governing Board intends to maintain free reserves of approximately £125,000 to provide sufficient working capital for the Academy, of which £105,000 relates to staff salaries.

At 31 August 2018, the total net assets of The Hills Academy were £3,544,088 The funds comprised:

	£
Unrestricted	236,089
Restricted:	
Fixed asset fund	3,638,490
Other restricted funds	17,297
GAG restricted fund	24,212
Pensions reserve	<u>(372,000)</u>
	3,544,088

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The restricted funds will be spent in accordance with the terms of the particular funds.

Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors. The aim of the Governors is to increase reserves to meet future working capital requirements / meeting future capital projects and ongoing repairs and maintenance (whichever is more applicable).

Reserves Policy Pensions

The deficit on the pension reserves relate to non-teaching staff pension scheme (Local Government Pension Scheme) where, unlike the teachers scheme, the deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

b. Investment policy

The Academy currently has no investments, except for deposits in interest bearing accounts.

c. Principal Risks and Uncertainties

The objective of the Academy's risk management procedure is to identify the principal risks facing the Academy so that existing controls may be considered and further action taken if required, including external insurance.

The principal risks identified by the Governing Body include governance, statutory compliance, finance, insurance, attendance, behaviour, health and safety, organisation, operation, safeguarding, reputation, HR and ICT.

The Governing Body has a comprehensive risk management process to identify and monitor the risks faced by the Academy.

Fundraising

We raise money for various causes as deemed by the school staff. The Bedford Food Bank donations are annually linked to Harvest Festival. A local hospital Charity and care and research charities are donated to from money collected at the end of school productions instead of selling tickets. Nationwide charity days such as Children in Need are participated in and the children donate money for being allowed to dress in mufti clothing. The money is collected and either deposited in a participating bank account or the school bank account and it is then sent to the charity.

PLANS FOR FUTURE PERIODS

As part of the Borough's move to a 2 tier education system from September 2017, the Academy has received the signed Deed of Variation to become a Primary School with the addition of Year 5 in September 2017 and Year 6 in September 2018. Our aspirations are to develop and maintain the Academy site depending on ESFA capital bids in the medium to long term.

Work on replacing our temporary buildings with four new classrooms with an additional four classrooms for the additional year groups started in Spring 2017 and was completed in August, in time for opening as a Primary School on 4 September 2017.

The Governing Body, has kept future working partnerships and collaboration be it formal or more informal; as a key part of its strategy. We still need to be aware of what is happening in our local area, Bedford Borough and nationally particularly in the environment we seem to be living and working in.

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We network with colleagues and attend Governor Training and other school and governance-related meetings and briefings to maintain our awareness of developments - the potential opportunities and threats that may arise.

FUNDS HELD AS CUSTODIAN

Details of assets and arrangements for safe custody and segregation should be given where the academy trust or its trustees are acting as custodian trustee. It should include the name and objects of the charity on whose behalf they are being held and how this activity falls within their own objective.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Governors' report was approved by order of the board of Governors, as the company directors, on 11 December 2018 and signed on its behalf by:

N M Rouse
Chair of Governors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that The Hills Academy 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 Governors 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 Hills Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 7 times during the year. 6 Full Governing Body Meetings and 1 Strategy Day. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
C Jones, Chair (Chair up to 15 May 2018)	3	6
M Whitehead, Head Teacher	6	6
T Foster	5	6
R Watson	4	6
C Palmer	4	6
R Wightman	5	6
S Bourne	6	6
J Williams	5	6
N Henson	5	6
N M Rouse, (Chair from 15 May 2018)	4	6
L E Edwards	6	6
C Daisley	3	5
R Pointer	4	4
D Bevan	4	4
A Henderson	1	1

Main governor activities 2017-18

Greater visibility and engagement in school life

Governors had an explicit aim to improve visibility and engagement in school life in 2017-18, which was achieved through the following initiatives:

- There was an excellent level of governor representation at the opening of the new classrooms, attended by the Education Portfolio Holder, Henry Vann.
- Governors attended nativity plays, special assemblies and Christmas and summer fairs.
- Regular governor visits including attendance at pupil progress meetings to understand the progress of children in specific cohorts that will be tracked by year group link governors.
- Governors took the opportunity to meet with parents while they were attending meetings with their child's teacher. These consultations with parents highlighted the many qualities that parents appreciate about The Hills Academy including the caring ethos and professionalism and responsiveness of staff. Questions and issues were fed back to the school for action and posted on the school website. A similar visit was conducted at the end of the year for 'Pupil Voice' to hear about pupils' experience of the school and feedback any arising issues to the school.

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GOVERNANCE STATEMENT (continued)

- Governor photos have been updated on the school noticeboard and website, and governors submitted regular items for the website and governor newsletter.
- In June 2018, governors organised a staff-governor tea to build relationships with staff and show appreciation for their work.

Governor Recruitment and Succession Planning:

Naomi Rouse was voted as Chair in May 2018, replacing Chris Jones who has served the school for nine years and who will remain a governor for the academic year 2018-19.

Vice Chairs Richard Watson and Stacie Bourne continue to play a valuable leadership role. They will continue beyond the 2018-19 academic year and represent continuity and stability on the governing body.

Jane Williams will be due to step down as Chair of Standards in July 2019, and a replacement will be sought.

Three governors stepped down at the end of the 2018 academic year: Charlie Palmer, Lucy Edwards, Tracy Foster. New governors recruited during the year are already very active: Rebecca Pointer, leading on the school's wellbeing and mental health initiative, and Dawn Bevan, as safeguarding governor and also HR advisor. Caroline Starr is the newly appointed non-teaching staff governor also involved in shadowing SEND.

New governors have already been assigned to shadow roles in anticipation of ongoing movement among governors. Anna Henderson is shadowing Dawn Bevan in the safeguarding role, and Meherwan Bozorgi is shadowing Chris Jones in the SEND role.

Rachel Welbourn continued to work as clerk to the governing body, providing administrative support to Full Governing Body and both resources and standards committees. In order to accommodate governors' availability but also to reduce the number of evening meetings for staff, a decision was taken to move Standards committee meetings to Wednesday afternoons for the academic year 2018-19. Although unfortunately this means that Rachel cannot write the minutes for these meetings, this releases her time to support other administrative work for the governors, including updating governor records on Governor Hub and Companies House.

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to lead financial planning and strategic oversight of school resources.

The committee work closely alongside the school office ensuring the school is financially sound prioritising spend within budgets and also maintaining the governance of the school, both of which enable The Hills Academy to concentrate on providing a first class education to all pupils.

During 2017-18 school year, the Resources Committee, oversaw the first full year of the new classroom building at the school, ensuring that the classrooms were fully furnished with quality furniture and IT resources. Other items that we focussed on was funding a rolling programme of laptop/PC replacement within our budgets.

On the governance side the committee authorises all staff payrises, ensuring that they align with performance and guidance, oversee major procurement decisions ensuring procedure is followed and approve budgets and 3 year plans for submission to the local authority / government.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
R Watson - Chair	6	6
M Whitehead - Head Teacher	4	6
R Wightman	5	6
T Foster	6	6
N Henson	4	6
C Daisley	2	4
D Bevan	1	3
R Pointer	3	3
S Dickson (Advisor - Business Manager)	6	6

REVIEW OF VALUE FOR MONEY

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

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

- Our rich and diverse creative curriculum ensures all pupils have the opportunity to raise their individual levels of attainment and pursue a wide range of activities that draw out their individual interests and talents.
- The large variety of extra-curricular activities (drama, computing, instrumental classes, art club, science club, puzzle club, dance and variety of sports clubs) ensure that all our pupils are able to access free and low cost after school activities.
- International links ensure that pupils have a global focus to their education.
- Collective Worship, community assemblies and celebration assemblies are linked to our whole school monthly values. These provide a foundation for Moral, Social and Emotional development across the school and ensure good citizenship.
- The school works hard to promote healthy eating and living amongst pupils and their parents and carers.
- Parenting support is available through the school and a weekly parent and carer coffee morning is a good source of informal support, as well as an opportunity to meet and ask 'experts' on a variety of themes. The numbers for this coffee morning have continued to grow and the school is now able to offer 1:1 parenting support.
- We regularly review our staffing structure to ensure that staff are efficiently deployed and appropriately qualified. Training and additional professional development is provided, at all levels, to increase school based expertise.
- Appraisal of staff is rigorous and linked to outcomes for pupils. All teaching staff successfully met their appraisal criteria for 2016-17 and those eligible for progression on the pay scale were informed of this and received an increase. Staff on the leadership scale also met their targets and were awarded progression on the leadership scale as appropriate. The NQT successfully completed their induction year. Staffing is extremely stable, although the school has expanded and therefore there are some new staff in school this year.
- Intervention strategies are led by a specialist team who ensure that any pupil requiring additional support or focus receives it. This includes 1:1 support, group interventions, class based support and after school 1:1 tuition.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Through Pupil Progress meetings, planning and intervention we focus on the differing needs of groups of learners within our school. Vulnerable learners make good progress and the school has had a successful external review of the provision for Pupil Premium students. The School has Flagship Status for the excellent provision for SEND pupils. The School also holds the NACE award for Gifted and Talented provision and G&T pupils also make good progress in school.
- The school has rigorous tracking systems. This includes individual tracking for each pupil (reports are sent termly to parents), Pupil Progress Meetings with each teacher to ensure every child is discussed, cohort and class tracking and tracking by groups of learners. Target setting is aspirational and helps to ensure that all children perform at the highest level possible.
- We have excellent outcomes for all pupils at each Key Stage. All groups of learners, including Pupil Premium, perform significantly above the national expectation for their age (achievement data is published with detailed analysis on our website).
- Attendance at the school is good and higher than national average for similar schools.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Hills Academy for the year 1 September 2017 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 Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 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 Governors.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint Mrs Julie Simmonds as internal auditor.

THE HILLS ACADEMY
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GOVERNANCE STATEMENT (continued)

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

- Procurement: Testing purchasing, invoices, payments and authorisation limits.
- Payroll: Checking appointments, change of circumstances and payments
- Accounts: Bank statements and reconciliations
- Income: Testing, invoicing, receipts, banking and debt write off
- Governance: Viewing budget reports to governors for Resources Committee meetings
- Process: Comment upon compliance with ESFA guidelines, completion of internal checks and segregation of duties

On a termly basis, the auditor reports to the Board of Governors through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the internal auditor 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 Governors on 11 December 2018 and signed on their behalf, by:

N M Rouse
Chair of Trustees

M Whitehead
Accounting Officer

THE HILLS ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Hills Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

M Whitehead
Accounting Officer

Date: 11 December 2018

THE HILLS ACADEMY
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors 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 Governors on 11 December 2018 and signed on its behalf by:

N M Rouse
Chair of Governors

THE HILLS ACADEMY
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HILLS ACADEMY**

OPINION

We have audited the financial statements of The Hills Academy (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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 Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE HILLS ACADEMY
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HILLS ACADEMY

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report has 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy 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 Governors 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 Governors are responsible for assessing the academy'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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

THE HILLS ACADEMY
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HILLS ACADEMY**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

OTHER MATTERS

Only partial disclosure has been made in respect of governors' remuneration (note 11).

USE OF OUR REPORT

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Endersby (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Bedfordshire
MK44 3BZ

Date:

THE HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE HILLS
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 24 October 2018 and further to the requirements of the Education & 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 Hills Academy during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE HILLS ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Hills Academy's funding agreement with the Secretary of State for Education dated April 2013, 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 1 September 2017 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's income and expenditure.

THE HILLS ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE HILLS
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw our conclusions included:

- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments;
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year;
- Discussions with the Finance Team.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Alan Endersby

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Bedfordshire
MK44 3BZ

Date:

THE HILLS ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	2,774	1,726	7,570	12,070	1,461,293
Charitable activities	3	-	1,412,334	-	1,412,334	1,262,898
Other trading activities	4	72,261	29,415	-	101,676	96,046
Investments	5	192	-	-	192	196
TOTAL INCOME		75,227	1,443,475	7,570	1,526,272	2,820,433
EXPENDITURE ON:						
Charitable activities		-	1,493,976	93,099	1,587,075	1,415,818
Other expenditure	8	27,156	-	-	27,156	26,869
TOTAL EXPENDITURE		27,156	1,493,976	93,099	1,614,231	1,442,687
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	48,071	(50,501)	(85,529)	(87,959)	1,377,746
		-	(11,529)	11,529	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		48,071	(62,030)	(74,000)	(87,959)	1,377,746
Actuarial gains on defined benefit pension schemes	21	-	121,000	-	121,000	109,000
NET MOVEMENT IN FUNDS		48,071	58,970	(74,000)	33,041	1,486,746
RECONCILIATION OF FUNDS:						
Total funds brought forward		188,018	(389,461)	3,712,490	3,511,047	2,024,301
TOTAL FUNDS CARRIED FORWARD		236,089	(330,491)	3,638,490	3,544,088	3,511,047

THE HILLS ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08434199

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		3,623,122		3,697,392
CURRENT ASSETS					
Debtors	15	69,411		48,995	
Cash at bank and in hand		330,533		299,701	
			<u>399,944</u>		<u>348,696</u>
CREDITORS: amounts falling due within one year	16	(106,978)		(113,041)	
NET CURRENT ASSETS			292,966		235,655
TOTAL ASSETS LESS CURRENT LIABILITIES			3,916,088		3,933,047
Defined benefit pension scheme liability	21		(372,000)		(422,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,544,088		3,511,047
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	41,509		32,539	
Restricted fixed asset funds	17	3,638,490		3,712,490	
Restricted income funds excluding pension liability		3,679,999		3,745,029	
Pension reserve		(372,000)		(422,000)	
Total restricted income funds			3,307,999		3,323,029
Unrestricted income funds	17		236,089		188,018
TOTAL FUNDS			3,544,088		3,511,047

The financial statements on pages 25 to 48 were approved by the Governors, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:

N M Rouse
Chair of Governors

THE HILLS ACADEMY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>49,469</u>	<u>1,468,247</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		192	196
Purchase of tangible fixed assets		<u>(18,829)</u>	<u>(1,461,042)</u>
Net cash used in investing activities		<u>(18,637)</u>	<u>(1,460,846)</u>
Change in cash and cash equivalents in the year		30,832	7,401
Cash and cash equivalents brought forward		<u>299,701</u>	<u>292,300</u>
Cash and cash equivalents carried forward		<u><u>330,533</u></u>	<u><u>299,701</u></u>

THE HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Hills Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

THE HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

THE HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Freehold property - buildings	-	2.5% per annum on a straight line basis
Freehold property - land	-	Not depreciated
Fixtures and equipment	-	20% per annum on a straight line basis

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.6 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.7 Taxation

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

1.8 Debtors

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

THE HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

THE HILLS ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

1. The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
2. The annual depreciation charge for each class of tangible fixed asset is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

1.14 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 Governors.

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

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

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,774	1,726	-	4,500	12,041
Capital Grants	-	-	7,570	7,570	1,449,252
	<u>2,774</u>	<u>1,726</u>	<u>7,570</u>	<u>12,070</u>	<u>1,461,293</u>
<i>Total 2017</i>	<u>1,735</u>	<u>10,306</u>	<u>1,449,252</u>	<u>1,461,293</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,116,001	1,116,001	1,016,404
Pupil Premium	-	48,181	48,181	41,055
Other ESFA / DfE Grants	-	92,720	92,720	77,417
	<u>-</u>	<u>1,256,902</u>	<u>1,256,902</u>	<u>1,134,876</u>
Other government grants				
Local Authority Grants	-	134,146	134,146	103,182
	<u>-</u>	<u>134,146</u>	<u>134,146</u>	<u>103,182</u>
Other funding				
Other income	-	12,369	12,369	7,173
Nursery income	-	8,917	8,917	17,667
	<u>-</u>	<u>21,286</u>	<u>21,286</u>	<u>24,840</u>
	<u>-</u>	<u>1,412,334</u>	<u>1,412,334</u>	<u>1,262,898</u>
<i>Total 2017</i>	<u>-</u>	<u>1,262,898</u>	<u>1,262,898</u>	

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	435	-	435	567
PrimeTime - after school club	54,870	-	54,870	46,770
Other income	90	-	90	896
Educational trips	-	16,045	16,045	19,630
Consultancy income	16,866	-	16,866	17,266
Swimming income	-	13,370	13,370	10,917
	<u>72,261</u>	<u>29,415</u>	<u>101,676</u>	<u>96,046</u>
<i>Total 2017</i>	<u>65,499</u>	<u>30,547</u>	<u>96,046</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	192	-	192	196
<i>Total 2017</i>	<u>196</u>	<u>-</u>	<u>196</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's Educational Operations:	-	-	-	-	-
Direct costs	1,002,635	-	106,066	1,108,701	1,036,358
Support costs	200,193	25,333	252,848	478,374	404,796
Other expenditure	24,440	-	2,716	27,156	26,869
Total	<u>1,227,268</u>	<u>25,333</u>	<u>361,630</u>	<u>1,614,231</u>	<u>1,468,023</u>

In 2018, of the total expenditure, £27,156 (2017 - £26,869) was to unrestricted funds and £1,587,075 (2017 - £1,441,154) was to restricted funds.

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. CHARITABLE ACTIVITIES

	2018 £	2017 £
DIRECT COSTS		
Wages and salaries	783,389	738,394
National insurance	60,876	57,542
Pension cost	146,870	130,590
Agency supply costs	-	1,755
Educational supplies	71,406	67,779
Staff development	6,424	3,732
Technology costs	20,240	15,175
Travel and subsistence	1,494	519
Other direct costs	782	810
Insurance	5,720	5,133
	1,097,201	1,021,429
SUPPORT COSTS		
Wages and salaries	111,350	107,643
National insurance	5,603	5,765
Pension costs	83,240	65,741
Depreciation	93,099	48,856
Net interest cost on pension scheme	11,000	10,000
Staff development	2,216	490
Technology costs	11,485	9,817
Brought in professional services	17,549	12,064
Maintenance of premises and equipment	34,198	14,693
Operating lease rentals	765	904
Rent, rates and water	9,628	6,867
Energy	15,705	14,879
Insurance	6,949	6,258
Catering	62,911	61,943
Other occupancy costs	8,921	8,295
Other support costs	6,663	6,893
CIF expenditure	-	3,793
Governance - Legal and professional	892	1,713
Governance - Auditors' remunerations	6,250	6,250
Governance - Auditors' non audit costs	1,450	1,525
	489,874	394,389
	1,587,075	1,415,818

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

8. OTHER EXPENDITURE

	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Prime Time - after school club costs	2,716	2,716	2,124
Prime Time - wages and salaries	20,140	20,140	20,215
Prime Time - national insurance	356	356	422
Prime Time - pension costs	3,944	3,944	4,108
	<u>27,156</u>	<u>27,156</u>	<u>26,869</u>
<i>Total 2017</i>	<u>26,869</u>	<u>26,869</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	<i>2017 £</i>
Depreciation of tangible fixed assets: - owned by the charity	93,099	48,856
Auditors' remuneration - audit	6,250	6,250
Auditors' remuneration - other services	1,450	1,525
	<u> </u>	<u> </u>

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	<i>2017</i>
	£	<i>£</i>
Wages and salaries	913,554	<i>863,536</i>
Social security costs	66,835	<i>63,729</i>
Operating costs of defined benefit pension schemes	234,054	<i>200,439</i>
	1,214,443	<i>1,127,704</i>
Supply teacher costs - through payroll	1,325	<i>2,716</i>
Supply teacher costs - agency costs	-	<i>1,755</i>
	1,215,768	<i>1,132,175</i>

b. Staff numbers

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

	2018	<i>2017</i>
	No.	<i>No.</i>
Teachers	12	<i>8</i>
Administration and support	52	<i>48</i>
Management	6	<i>8</i>
	70	<i>64</i>

Average headcount expressed as a full time equivalent:

	2018	<i>2017</i>
	No.	<i>No.</i>
Teachers	10	<i>7</i>
Administration and support	21	<i>20</i>
Management	6	<i>7</i>
	37	<i>34</i>

c. Higher paid staff

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

	2018	<i>2017</i>
	No.	<i>No.</i>
In the band £70,001 - £80,000	1	<i>1</i>

The above employee participated in the Teachers' Pension Scheme.

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

10. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the academy comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the 6 key management personnel for their services to the academy was £301,271 (2017 £392,667 received by the 8 key management personnel).

11. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2018	<i>2017</i>
		£	£
M Whitehead, Headteacher	Remuneration	75,000-80,000	<i>70,000-75,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
Staff Governor 1, Teacher	Remuneration	15,000-20,000	<i>25,000-30,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
Staff Governor 2, LSA	Remuneration	20,000-25,000	<i>20,000-25,000</i>
	Pension contributions paid	5,000-10,000	<i>0-5,000</i>

During the year, one Governor received a reimbursement of expenses amounting to £13 (2017 - £13) relating to the annual return fee.

12. GOVERNORS' AND OFFICERS' INSURANCE

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

13. OTHER FINANCE INCOME

	2018	<i>2017</i>
	£	£
Interest income on pension scheme assets	21,000	<i>15,000</i>
Interest on pension scheme liabilities	(32,000)	<i>(25,000)</i>
	(11,000)	<i>(10,000)</i>

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and equipment £	Plant and equipment £	Total £
Cost				
At 1 September 2017	3,856,286	15,142	36,279	3,907,707
Additions	-	11,529	7,300	18,829
At 31 August 2018	<u>3,856,286</u>	<u>26,671</u>	<u>43,579</u>	<u>3,926,536</u>
Depreciation				
At 1 September 2017	194,885	1,786	13,644	210,315
Charge for the year	79,907	3,604	9,588	93,099
At 31 August 2018	<u>274,792</u>	<u>5,390</u>	<u>23,232</u>	<u>303,414</u>
Net book value				
At 31 August 2018	<u>3,581,494</u>	<u>21,281</u>	<u>20,347</u>	<u>3,623,122</u>
At 31 August 2017	<u>3,661,401</u>	<u>13,356</u>	<u>22,635</u>	<u>3,697,392</u>

15. DEBTORS

	2018 £	2017 £
VAT repayment	22,138	11,686
Prepayments and accrued income	47,273	37,309
	<u>69,411</u>	<u>48,995</u>

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	29,138	47,110
Accruals and deferred income	77,840	65,931
	<u>106,978</u>	<u>113,041</u>

THE HILLS ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. CREDITORS: Amounts falling due within one year (continued)

	2018	<i>2017</i>
	£	<i>£</i>
Deferred income		
Deferred income at 1 September 2017	41,306	<i>54,083</i>
Resources deferred during the year	54,559	<i>41,306</i>
Amounts released from previous years	(41,306)	<i>(54,083)</i>
	<hr/> 54,559 <hr/>	<hr/> <i>41,306</i> <hr/>
Deferred income at 31 August 2018	<hr/> 54,559 <hr/>	<hr/> <i>41,306</i> <hr/>
	2018	<i>2017</i>
	£	<i>£</i>
Universal infant free school meals	40,022	<i>37,856</i>
Receipts received in advance	14,537	<i>3,450</i>
	<hr/> 54,559 <hr/>	<hr/> <i>41,306</i> <hr/>
Total	<hr/> 54,559 <hr/>	<hr/> <i>41,306</i> <hr/>

THE HILLS ACADEMY
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Fund	188,018	75,227	(27,156)	-	-	236,089
Restricted funds						
General Annual Grant (GAG)	18,360	1,116,001	(1,110,149)	-	-	24,212
Other ESFA Grants	-	122,511	(122,511)	-	-	-
Local Authority Grants	4,947	134,146	(131,381)	-	-	7,712
Other Income	-	52,427	(52,427)	-	-	-
PE Grant	9,232	18,390	(6,508)	(11,529)	-	9,585
Pension reserve	(422,000)	-	(71,000)	-	121,000	(372,000)
	<u>(389,461)</u>	<u>1,443,475</u>	<u>(1,493,976)</u>	<u>(11,529)</u>	<u>121,000</u>	<u>(330,491)</u>
Restricted fixed asset funds						
Tangible Fixed Assets	3,697,392	-	(93,099)	18,829	-	3,623,122
Devolved Formula Capital	15,098	7,570	-	(7,300)	-	15,368
	<u>3,712,490</u>	<u>7,570</u>	<u>(93,099)</u>	<u>11,529</u>	<u>-</u>	<u>3,638,490</u>
Total restricted funds	<u>3,323,029</u>	<u>1,451,045</u>	<u>(1,587,075)</u>	<u>-</u>	<u>121,000</u>	<u>3,307,999</u>
Total of funds	<u><u>3,511,047</u></u>	<u><u>1,526,272</u></u>	<u><u>(1,614,231)</u></u>	<u><u>-</u></u>	<u><u>121,000</u></u>	<u><u>3,544,088</u></u>

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

General Funds:

The Academy's general funds represents income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can then use these funds for any purpose.

Restricted Funds:

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the ESFA for the General Annual Grant (GAG) and Pupil Premium. High Needs and Early Years grants were also received from the Local Authority. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy. The unspent funds have been carried forward to future accounting periods.

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.

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

17. STATEMENT OF FUNDS (continued)

Pension Reserve - As stated in note 21 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to The Hills Academy can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.

Restricted Fixed Assets Funds:

The Academy received Capital Formula funding to be spent on capital repairs and the purchase of new equipment. Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserve.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
General Fund	146,457	67,430	(26,869)	1,000	-	188,018
Restricted funds						
General Annual Grant (GAG)	51,107	1,016,404	(1,025,394)	(23,757)	-	18,360
Other EFA Grants	1,756	109,307	(111,063)	-	-	-
Local Authority Grants	-	103,182	(98,235)	-	-	4,947
Other Income	-	65,693	(65,693)	-	-	-
PE Grant	8,851	9,165	(8,784)	-	-	9,232
Pension reserve	(477,000)	-	(54,000)	-	109,000	(422,000)
	<u>(415,286)</u>	<u>1,303,751</u>	<u>(1,363,169)</u>	<u>(23,757)</u>	<u>109,000</u>	<u>(389,461)</u>
Restricted fixed asset funds						
Tangible Fixed Assets	2,285,205	1,431,286	(48,856)	29,757	-	3,697,392
Devolved Formula Capital	6,925	11,966	(3,793)	-	-	15,098
New Building Fund	1,000	-	-	(1,000)	-	-
LA Capital Grant	-	6,000	-	(6,000)	-	-
	<u>2,293,130</u>	<u>1,449,252</u>	<u>(52,649)</u>	<u>22,757</u>	<u>-</u>	<u>3,712,490</u>
Total restricted funds	<u>1,877,844</u>	<u>2,753,003</u>	<u>(1,415,818)</u>	<u>(1,000)</u>	<u>109,000</u>	<u>3,323,029</u>
Total of funds	<u><u>2,024,301</u></u>	<u><u>2,820,433</u></u>	<u><u>(1,442,687)</u></u>	<u><u>-</u></u>	<u><u>109,000</u></u>	<u><u>3,511,047</u></u>

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	3,623,122	3,623,122
Current assets	236,089	148,487	15,368	399,944
Creditors due within one year	-	(106,978)	-	(106,978)
Provisions for liabilities and charges	-	(372,000)	-	(372,000)
	<u>236,089</u>	<u>(330,491)</u>	<u>3,638,490</u>	<u>3,544,088</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i> 2017 £	<i>Restricted funds</i> 2017 £	<i>Restricted fixed asset funds</i> 2017 £	<i>Total funds</i> 2017 £
Tangible fixed assets	-	-	3,697,392	3,697,392
Current assets	188,018	145,580	15,097	348,696
Creditors due within one year	-	(113,041)	-	(113,041)
Provisions for liabilities and charges	-	(422,000)	-	(422,000)
	<u>188,018</u>	<u>(389,461)</u>	<u>3,712,489</u>	<u>3,511,047</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(87,959)	1,377,746
Adjustment for:		
Depreciation charges	93,099	48,856
Dividends, interest and rents from investments	(192)	(196)
Increase in debtors	(20,416)	(12,495)
(Decrease)/increase in creditors	(6,063)	336
Defined benefit pension scheme cost less contributions payable	60,000	44,000
Defined benefit pension scheme finance cost	11,000	10,000
Net cash provided by operating activities	<u>49,469</u>	<u>1,468,247</u>

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

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	<i>2017</i>
	£	£
Cash in hand	330,533	<i>299,701</i>
Total	330,533	<i>299,701</i>

21. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedford Borough Council. Both are Multi-employer defined benefit pension schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

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21. PENSION COMMITMENTS (continued)

- 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 £87,566 (2017 - £78,729).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £106,000 (2017 - £95,000), of which employer's contributions totalled £86,000 (2017 - £77,000) and employees' contributions totalled £20,000 (2017 - £18,000). The agreed contribution rates for future years are 24.4% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.4	22.4
Females	24.5	24.5
Retiring in 20 years		
Males	24.0	24.0
Females	26.2	26.2

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

21. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	<i>At 31 August 2017 £</i>
Discount rate -0.1%	(34,000)	<i>(31,000)</i>
Mortality assumption - 1 year increase	39,000	<i>36,000</i>
CPI rate +0.1%	29,000	<i>25,000</i>

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	542,000	<i>452,000</i>
Corporate bonds	131,000	<i>119,000</i>
Cash	-	<i>-</i>
Property	84,000	<i>71,000</i>
Cash	178,000	<i>151,000</i>
Total market value of assets	935,000	<i>793,000</i>

The actual return on scheme assets was £21,000 (2017 - £15,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	<i>2017 £</i>
Current service cost	(146,000)	<i>(121,000)</i>
Interest income	21,000	<i>15,000</i>
Interest cost	(32,000)	<i>(25,000)</i>
Total	(157,000)	<i>(131,000)</i>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	1,215,000	<i>1,208,000</i>
Current service cost	146,000	<i>121,000</i>
Interest cost	32,000	<i>25,000</i>
Employee contributions	20,000	<i>18,000</i>
Actuarial gains	(99,000)	<i>(150,000)</i>
Benefits paid	(7,000)	<i>(7,000)</i>
Closing defined benefit obligation	1,307,000	<i>1,215,000</i>

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21. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
	£	£
Opening fair value of scheme assets	793,000	<i>731,000</i>
Interest income	21,000	<i>15,000</i>
Actuarial losses/(gains)	22,000	<i>(41,000)</i>
Employer contributions	86,000	<i>77,000</i>
Employee contributions	20,000	<i>18,000</i>
Benefits paid	(7,000)	<i>(7,000)</i>
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Closing fair value of scheme assets	935,000	<i>793,000</i>
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22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018	<i>2017</i>
	£	£
Amounts payable:		
Within 1 year	904	<i>904</i>
Between 1 and 5 years	452	<i>1,357</i>
	<hr/>	<hr/>
Total	1,356	<i>2,261</i>
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23. RELATED PARTY TRANSACTIONS

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

24. MEMBERS' LIABILITY

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

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