

Company Registration No. 09108745 (England and Wales)



**HILLSTONE PRIMARY SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

# HILLSTONE PRIMARY SCHOOL

## CONTENTS

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	<b>Page</b>
Reference and administrative details	1 - 2
Governors' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Governors' responsibilities	14
Independent auditor's report on the accounts	15 - 17
Independent reporting accountant's report on regularity	18 - 19
Statement of financial activities including income and expenditure account	20 - 21
Balance sheet	22
Statement of cash flows	23
Notes to the accounts including accounting policies	24 - 44

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# HILLSTONE PRIMARY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Governors</b>	Danielle Bridges Tracey Flood Gemma Gibbon Lisa Green Heather Holdsworth Jason King Chris Smith Gillian Sparrow Kelly Williams Callum Dunlevy Martin Leigh Kevin McCabe Samantha Robinson	Staff Governor Community Governor Staff Governor Parent Governor Parent Governor Staff Governor Community Governor Head Teacher Parent Governor Academy Governor Academy Governor Academy Governor & Chair Academy Governor	(Appointed 30 January 2020) (Appointed 30 January 2020) (Appointed 1 January 2020) (Appointed 1 October 2020)
<b>Members</b>	Tracey Flood Heather Holdsworth Chris Smith		
<b>Finance Subcommittee</b>	Tracey Flood Jason King Gillian Sparrow Callum Dunlevy Kevin McCabe	Community Governor Staff Governor Head Teacher Academy Governor Academy Governor	(Appointed 30 January 2020) (Appointed 30 January 2020)
<b>Curriculum Subcommittee</b>	Danielle Bridges Lisa Green Heather Holdsworth Kelly Williams Gemma Gibbon Martin Leigh	Staff Governor Parent Governor Parent Governor Parent Governor Staff Governor Academy Governor	
<b>Senior Leadership Team</b>	Gillian Sparrow Jason King Keith Farr Victoria Chudleigh Sarah Walsh Kerry Cartwright Christopher Carter	Head Teacher Deputy Head Teacher Assistant Head Teacher Assistant Head Teacher Assistant Head Teacher Strategic Business Manager IT Strategy Manager	
<b>Company registration no.</b>	09108745 (England and Wales)		
<b>Registered office</b>	Hillstone Road Shard End Birmingham West Midlands B34 7PY		

# HILLSTONE PRIMARY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor** Ormerod Rutter Limited  
The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

**Actuary** Barnett Waddington LLP  
St James's House  
St James's Square  
Cheltenham  
GL50 3PR

**Bankers** Lloyds Bank Plc  
Colmore Row  
PO Box 1000  
Birmingham  
B1 1LT

# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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The Governors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Shard End, Birmingham. It has a pupil capacity of 420 and had on roll of 466 in the school census on October 2020. We also have a Nursery that has a capacity of 39 pupils each morning or afternoon.

#### **Structure, governance and management**

##### 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 Governors are the trustees of Hillstone Primary School and are also the directors of the charitable company for the purposes of company law. Details of the Governors who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Governors' indemnities

The Academy Trust has made qualifying third party indemnity provisions for the benefit of its Governors during the period. These provisions remain in force at the reporting date.

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers for claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance is provided through the RPA scheme, operated through the DfE.

##### Method of recruitment and appointment or election of Governors

Parent Governors are elected by the parents of registered pupils at the school. A Parent Governor must be a parent of a pupil at the school, at the time when he/she is elected. Parent governors vacancies are filled through advertisement and election.

Community Governors may be appointed by the Governing Body, provided the person who is appointed as a Community Governor is:

- a person who lives or works in the community served by the school; or
- a person who, in the opinion of the Governing Body, is committed to the government and success of the school.

Appointment of Community Governors are addressed through personal recommendation and consideration by the whole Governing Body.

Staff Governors are elected by employees of the Academy Trust having been notified internally.

# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2020*

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#### Policies and procedures adopted for the induction and training of Governors

Newly appointed Governors are formally written to by the Chair who welcomes them and re-affirms expectations. Each Governor is issued with a handbook which contains essential reading the Governor is required to undertake, including dates of courses they may wish to attend over the coming academic year, through Services 4 Schools.

Mat Starling, from MJS Safeguarding, has been awarded the contract to ensure Governors are fully aware of their safeguarding commitments. Governors can attend additional courses by notifying the CPD lead professional, Gillian Sparrow.

Other training is provided through a variety of ways using professional organisations, which supports the induction process and any in-house training provided. Governors are kept up to date with their legislative obligations and best practice through the professional organisations and by the Clerk to the Governors.

Governors regularly receive copies of policies, procedures, minutes and financial statements. They also receive a copy of the School Improvement Plan and are actively involved in the process of setting Governor targets each year.

#### Organisational structure

The three members constitute are responsible for the overall function of the Academy Trust, including the production of the Annual Report and Financial statements; responsible for constituting the school Governing Body, and as part of the Governing Body is responsible for all major decisions about the Academy. The Governing Body, and Head teacher, are responsible for the strategic direction of the academy including for setting all policies covering Curriculum, HR, Health & Safety and Financial aspects of the work of the Academy and monitors this. It receives regular reports from the Senior Leadership Team, including budget allocation and expenditure and other data updates including teaching and learning and achievement and standards. The written terms of reference of the committees include the monitoring of the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment.

A single member acts as Chair of Governors, supported by the Chair of the Finance, Staffing and Buildings sub-committee and the Chair of the Curriculum sub-committee. The levels of authorisation of budget spend are detailed in the 'Head Teachers' Delegation Statement', which is reviewed annually by the Governing Body.

Two sub-committees are: Finance, Staffing and Buildings and Curriculum.

The day to day management of the academy is delegated by the Governing Body to the Head Teacher who is supported by the Senior Leadership Team which comprises: Head Teacher, Deputy Head Teacher, 3\* Assist Headteachers , a Strategic Business Manager and IT Strategy Manager. The academy uses Amethyst Advisory Ltd to undertake an advisory/support role to the Strategic Business Manager.

The initial School Improvement Plan is drawn up by the Head Teacher working with the Senior Leadership Team. The draft plan is reviewed and approved by the full Governing Body. The Curriculum Committee reviews the progress of the plan as part of their regular work. The Finance, Staffing and Buildings Committee reviews the environmental and building part of the School Improvement Plan.

As a primary school, a high percentage of the academy's expenditure relates to staffing. The Staffing Structure is determined by the Governing Body working with the Head Teacher.

The School Improvement Plan and the staffing structure then inform the Academy budget. The Head Teacher is the Accounting Officer and responsible for the day-to-day management of the academy.

# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### Arrangements for setting pay and remuneration of key management personnel

Key management personnel, as with all other employees of the Academy Trust, have their salary set by reference to DfE pay scales (Teaching Staff) or NJ APT&C ( Non Teaching Staff) and their job grading.

The Finance, Staffing & Buildings Committee reviews all proposed changes to employee wages and makes recommendations to be approved by the full Board of Governors.

#### Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of Hillstone Primary School.

The academy works with many school networks within the Birmingham Local Authority including school-to-school networks.

### **Objectives and activities**

#### Objects and aims

The strategic goal of Hillstone Primary School is to provide a broad and balanced curriculum to all pupils in accordance with the Funding Agreement between the Academy Trust and the Department for Education.

The School trust's objective is specifically restricted to the advancement of education, for public benefit in the United Kingdom:

- To extend and develop high quality leadership at all levels;
- For all Teaching to be good or better for every lesson;
- To ensure high quality formative and summative assessment to take forward the learning of all pupils;
- To raise standards to be in line with National expectations;
- To ensure a broad and balanced curriculum in light of curriculum changes;
- To ensure the behaviour and safety of pupils;
- To continue to improve the learning environment.

We strive to achieve for each individual pupil their maximum potential for academic, physical and social achievement.

We encourage children to become literate and numerate with high levels of spoken language, investigative and problem-solving skills, together with a balanced view of their environment. We promote equally important social skills such as co-operation, tolerance, care for oneself and others and good manners.

#### Objectives, strategies and activities

The main objectives for the period are:

- To raise attainment in Reading throughout the school
- To raise standards in Art throughout the school
- To develop a STEAM curriculum
- Continued improvement of relationship with Parents

The strategies adopted for achieving these objectives are:

- To improve assessment for learning within every reading lesson;
- To upskill teachers through professional development and coaching, building on last year's initial work
- By creating a curriculum more suitable for 21st century learning, providing pupils with challenge and the skills to resolve the challenges;
- To create a more positive less confrontational atmosphere with parents

# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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Significant activities linked to the trust's charitable activities, and how they further its aims, have been:

- Residential Activities
- Performing Arts

#### Public benefit

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

Hillstone Primary School is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

### **Strategic report**

#### **Achievements and performance**

The final 2018/19 Academic Year KS2 Performance figures were published in March 2020.

Academy progress scores, based on national average, were as follows:

- Writing – Average (Approx. 67% of schools in England)
- Reading – Average (Approx. 64% of schools in England)
- Maths – Average (Approx. 58% of schools in England)
- Percentage of pupils meeting the expected standards in Reading, Writing and Maths – 61%  
(LA Average – 62% / England Average 65%)
- Percentage of pupils achieving a higher standard in Reading, Writing and Maths – 5%  
(LA Average – 9% / England Average – 11%)
- Average School in Reading – 103  
(LA Average – 104 / England Average – 104)  
Expected standard = 100
- Average School in Maths – 105  
(LA Average – 105 / England Average 105)  
Expected standard = 100

School's progress scores were average in all areas reviewed.



# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### Key performance indicators

National Assessments - July 2019

	<b>Academy</b>	<b>National</b>
EYFSP: <i>% achieving a good level of development</i>	76.00%	72.00%
Phonics: <i>% of Year 1 working at the required standard</i>	90.00%	82.00%
Phonics: <i>% of Year 2 working at the required standard</i>	97.00%	91.00%
Key Stage 1: <i>% at least expected standard at Reading, Writing and Maths</i>	70.33%	73.33%
Key Stage 2: <i>% achieving expected standard at Reading, Writing and Maths</i>	76.00%	76.66%

Attendance at the school is shown in the table below:

	<b>End of Autumn Term 1</b>	<b>End of Autumn Term 2</b>	<b>End of Spring Term 1</b>	<b>End of Spring Term 2</b>	<b>End of Summer Term 1</b>	<b>End of Summer Term 2</b>	<b>Year to date</b>
2018-19	97.20%	96.95%	96.30%	96.50%	95.70%	95.50%	96.30%
2019-20	97.30%	96.61%	98.01%	-	-	-	97.12%

Costs as a percentage of total costs were as follows:

- Direct costs - 65.16% (2018 - 62.29%)
- Support costs - 34.84% (2018 - 37.71%)
- Payroll costs - 75.29% (2018 - 75.13%)

Total payroll costs as a percentage of recurring income was 81.18% (2018 - 82.32%)

#### Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board of Governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

The financial results of Hillstone Primary School are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the ESFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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During the year ended 31st August 2020 total resources expended was £3,040,043 (2019 - £3,009,102) and net expenditure was £299,303 (2019 - £176,136), which included depreciation of £140,506 (2019 - £160,040).

#### Reserves policy

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

The Academy Trust had total funds at 31st August 2020 of £798,463 (2019 - £1,802,766), which included:

- restricted fixed asset £4,458,437 (2019: £4,562,030)
- pension reserve of £3,757,000 (2019: £2,912,000)
- other general restricted funds £nil (2019: £44,430)
- unrestricted funds of £97,026 (£108,306)

The deficit on the restricted pension fund of £3,757,000 (2019 - £2,912,000) arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

The trustees regularly review the level of reserves and aim to accumulate and then maintain free reserves (unrestricted and GAG funds) at a level of £60,000. This level of free reserves will both buffer the Charitable Company against any significant future unanticipated expenditure requirements and to reduce pressures on cash flow.

#### Investment policy

Any surplus funds are invested with Lloyds Bank PLC in a current account.

These investments are carried out in accordance with the powers vested in the Governing Body.

#### Principal risks and uncertainties

The Trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters, both strategically and on a day-to-day basis. Both Trustees and Senior Management are aware of the issues and have ensured robust controls are in place to allow for effective cash management. These are continually reviewed and changed where it is deemed that would be of benefit to the school. School based staff, at all levels, are made aware of any changes made and are reminded of why controls need to be in place.

Attention has also been focused on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas. Since the School converted to an Academy, the Trust has put measures into place to ensure this, through a number of bought in professional services.

#### **Plans for future periods**

The academy writes a detailed annual School Improvement Plan which outlines the strategic direction of the academy and how it will meet its targets. The academy's over-riding aim is to achieve 'outstanding' and to provide an outstanding environment in which children can learn. In addition, the academy will continue to work with partner schools, and is going to look at setting up a multi-academy trust.

Governors are committed to support and challenge the academy in order to maintain the extremely high levels of achievement the pupils currently attain.

#### **Funds held as custodian trustee on behalf of others**

There are no funds held as Custodian Trustee on behalf of others.

# HILLSTONE PRIMARY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Auditor**

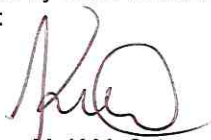
In so far as the Governors are aware:

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

Ormerod Rutter Limited was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 19 January 2021 and signed on its behalf by:

Ms G S Sparrow  
Head Teacher



Mr K McCabe  
Chair of Governors

# HILLSTONE PRIMARY SCHOOL

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Hillstone Primary School 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 Head Teacher, 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 Hillstone Primary School and the Secretary of State for Education. The accounting officer is 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 4 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

<b>Governors</b>		<b>Meetings attended</b>	<b>Out of possible</b>
Miss C Campbell	(Resigned 14 October 2019)	0	1
Miss T M Flood		4	4
Mrs G Gibbon		2	4
Mrs L V Green		2	4
Mrs H Holdsworth		2	4
Mr J E King		3	4
Mr C Smith		2	4
Ms G S Sparrow	(Head Teacher)	4	4
Miss K Williams		2	4
Mrs D Bridges		4	4
Mr C Dunlevy	(Appointed 30 January 2020)	2	2
Mr M Leigh	(Appointed 30 January 2020)	2	2
Mr K McCabe	(Chair of Governors) (Appointed 1 January 2020)	1	3
Ms S Robinson	(Appointed 1 October 2020)	0	0

The governors were scheduled to meet 6 times during the financial year but the impact of COVID-19 made this extremely difficult and as a consequence it was only possible to arrange 4 meetings. The governors were however regularly updated by the Accounting Officer and engagement and communication was frequent throughout. The method and frequency of communication ensured that the governors were able to maintain an effective oversight of the school and associated administration.

The Finance, Staffing and Buildings Committee is a sub-committee of the main Board of Governors. Their purpose is to:

- To operate as the audit committee as per ESFA guidance; and
- To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy Trust's finances and resources, including proper planning, monitoring and probity;
- Curriculum requirements are fully met through monitoring, proper planning and review

Both sub-committee meetings take place on the same day as the Full Governing Body. On two occasions in the year, the business of the Finance, Staffing and Buildings Committee was discussed at the Full Governing Body, such that on those occasions a separate meeting of the Finance, Staffing and Buildings Committee was not considered necessary.

# HILLSTONE PRIMARY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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Attendance at the Finance Committee meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Miss T M Flood	2	2
Mr J E King	0	2
Ms G S Sparrow (Head Teacher)	2	2
Mr C Dunlevy (Appointed 30 January 2020)	1	1
Mr K McCabe (Chair of Governors) (Appointed 1 January 2020)	1	1

The Curriculum Subcommittee is a sub-committee of the main Board of Governors.

Attendance at the Curriculum Subcommittee meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Miss C Campbell (Resigned 14 October 2019)	0	0
Mrs G Gibbon	2	2
Mrs L V Green	2	2
Mrs H Holdsworth	1	2
Miss K Williams	1	2
Mrs D Bridges	2	2
Mr M Leigh (Appointed 30 January 2020)	1	1

#### Review of value for money

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

The accounting officer considers how the trust's use of resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the period by:

- Adopting a robust procurement procedure in relation to premises works, allowing for the continued programme of refurbishment to be undertaken which has improved the learning environment in the academy. This has led to more works being undertaken as resources were fully maximised;
- Investment in new curriculum materials;
- Investment in new Management Information Systems to improve the efficiency, effectiveness and data; and
- Provisions, which will allow for the better targeting of resources at areas of need.

#### 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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hillstone Primary School for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

# HILLSTONE PRIMARY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Academy Trust 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 Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

### The risk and control framework

The Academy Trust'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 Finance 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; and
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governors have appointed Amethyst Advisory Limited.

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

- testing of payroll systems, purchase systems, control accounts and bank reconciliations;
- review of cashflow, income and expenditure systems;
- review of MIS system and Strategic Projections.

### Review of effectiveness

As accounting officer the Head Teacher 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 reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 19 January 2021 and signed on its behalf by:

Ms G S Sparrow  
Head Teacher



Mr K McCabe  
Chair of Governors



# HILLSTONE PRIMARY SCHOOL

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

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As accounting officer of Hillstone Primary School, I have considered my responsibility to notify the Academy Trust Board of Governors and the Education and 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 2019.

I confirm that I and the Academy Trust's Board of Governors 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 2019.

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 Governors and ESFA.



Ms G S Sparrow  
Accounting Officer

19 January 2021

# HILLSTONE PRIMARY SCHOOL

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2020**

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The Governors (who act as trustees for Hillstone Primary School and are also the directors of Hillstone Primary School for the purposes of company law) are responsible for preparing the Governors' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law, the Governors must not approve the accounts 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 accounts, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors on 19 January 2021 and signed on its behalf by:



Ms G S Sparrow  
Head Teacher



Mr K McCabe  
Chair of Governors



# HILLSTONE PRIMARY SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTONE PRIMARY SCHOOL

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### Opinion

We have audited the accounts of Hillstone Primary School for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other information

The Governors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# HILLSTONE PRIMARY SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTONE PRIMARY SCHOOL (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Governors' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report, including the incorporated strategic 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 accounts 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 Governors**

As explained more fully in the statement of Governors' responsibilities, the Governors are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# HILLSTONE PRIMARY SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTONE PRIMARY SCHOOL (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Joanne Baldwin ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Ormerod Rutter Limited

27/1/2021

Chartered Accountants  
Statutory Auditor

The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

# HILLSTONE PRIMARY SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLSTONE PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

*FOR THE YEAR ENDED 31 AUGUST 2020*

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In accordance with the terms of our engagement letter dated 2 November 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillstone Primary School during the period 1 September 2019 to 31 August 2020 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 Hillstone Primary School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hillstone Primary School and 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 Hillstone Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Hillstone Primary School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hillstone Primary School's funding agreement with the Secretary of State for Education dated 28 August 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

# HILLSTONE PRIMARY SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLSTONE PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Ormerod Rutter Limited*

### Reporting Accountant

Ormerod Rutter Limited  
The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

Dated: .....27.11.2021

# HILLSTONE PRIMARY SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2020 £	Total 2019 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	-	-	30,397
Charitable activities:						
- Funding for educational operations	4	112,826	2,627,813	-	2,740,639	2,802,443
Investments	5	101	-	-	101	126
<b>Total income and endowments</b>		<u>112,927</u>	<u>2,627,813</u>	<u>-</u>	<u>2,740,740</u>	<u>2,832,966</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	80,777	2,818,760	140,506	3,040,043	3,009,102
<b>Total expenditure</b>	6	<u>80,777</u>	<u>2,818,760</u>	<u>140,506</u>	<u>3,040,043</u>	<u>3,009,102</u>
<b>Net income/(expenditure)</b>		32,150	(190,947)	(140,506)	(299,303)	(176,136)
Transfers between funds	15	(43,430)	6,517	36,913	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(705,000)	-	(705,000)	(318,000)
<b>Net movement in funds</b>		<u>(11,280)</u>	<u>(889,430)</u>	<u>(103,593)</u>	<u>(1,004,303)</u>	<u>(494,136)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		108,306	(2,867,570)	4,562,030	1,802,766	2,296,902
Total funds carried forward		<u>97,026</u>	<u>(3,757,000)</u>	<u>4,458,437</u>	<u>798,463</u>	<u>1,802,766</u>

All of activities derive from continuing operations.

# HILLSTONE PRIMARY SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2019		Funds	General	Fixed asset	2019
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	-	3,478	26,919	30,397
Charitable activities:					
- Funding for educational operations	4	216,225	2,586,218	-	2,802,443
Investments	5	126	-	-	126
<b>Total income and endowments</b>		<u>216,351</u>	<u>2,589,696</u>	<u>26,919</u>	<u>2,832,966</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	108,045	2,714,098	186,959	3,009,102
<b>Total expenditure</b>	6	<u>108,045</u>	<u>2,714,098</u>	<u>186,959</u>	<u>3,009,102</u>
<b>Net income/(expenditure)</b>		108,306	(124,402)	(160,040)	(176,136)
Transfers between funds		-	(34,531)	34,531	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(318,000)	-	(318,000)
<b>Net movement in funds</b>		<u>108,306</u>	<u>(476,933)</u>	<u>(125,509)</u>	<u>(494,136)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		-	(2,390,637)	4,687,539	2,296,902
Total funds carried forward		<u>108,306</u>	<u>(2,867,570)</u>	<u>4,562,030</u>	<u>1,802,766</u>

# HILLSTONE PRIMARY SCHOOL

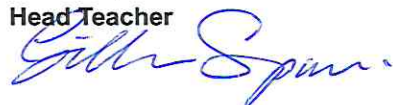
## BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		4,458,437		4,562,030
<b>Current assets</b>					
Debtors	12	171,076		167,077	
Cash at bank and in hand		43,985		151,928	
			<u>215,061</u>		<u>319,005</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(118,035)		(166,269)	
<b>Net current assets/(liabilities)</b>			<u>97,026</u>		<u>152,736</u>
<b>Net assets excluding pension liability</b>			<u>4,555,463</u>		<u>4,714,766</u>
Defined benefit pension liability	17		(3,757,000)		(2,912,000)
<b>Net assets</b>			<u><u>798,463</u></u>		<u><u>1,802,766</u></u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	15				
- Fixed asset funds			4,458,437		4,562,030
- Restricted income funds			-		44,430
- Pension reserve			(3,757,000)		(2,912,000)
<b>Total restricted funds</b>			<u>701,437</u>		<u>1,694,460</u>
<b>Unrestricted income funds</b>	15		<u>97,026</u>		<u>108,306</u>
<b>Total funds</b>			<u><u>798,463</u></u>		<u><u>1,802,766</u></u>

The accounts on pages 20 to 44 were approved by the Governors and authorised for issue on 19 January 2021 and are signed on their behalf by:

Ms G S Sparrow  
Head Teacher



Mr K McCabe  
Chair of Governors



Company Number 09108745



# HILLSTONE PRIMARY SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

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	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Net cash (used in)/provided by operating activities	18		(71,131)		41,421
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		101		126	
Capital grants from DfE Group		-		26,919	
Purchase of tangible fixed assets		(36,913)		(34,531)	
<b>Net cash used in investing activities</b>			(36,812)		(7,486)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(107,943)		33,935
Cash and cash equivalents at beginning of the year			151,928		117,993
<b>Cash and cash equivalents at end of the year</b>			<u>43,985</u>		<u>151,928</u>

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# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### 1 Accounting policies

Hillstone Primary School is an exempt charitable company limited by guarantee registered in England and Wales.

The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' report.

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

#### 1.1 Basis of preparation

The accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### 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 charitable company 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 accounts 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 accounts.

#### 1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

##### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 1 Accounting policies

(Continued)

##### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

##### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

##### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

#### 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

---

### 1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Long leasehold land and buildings	- 2% on cost
Computer equipment	- 20% and 50% on cost
Furniture & equipment	- 25% on net book value

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.

#### 1.6 Liabilities

Liabilities 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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 cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Taxation

The Academy Trust 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 Trust 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.

#### 1.10 Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### 1.11 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust 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 Education and Skills Funding Agency.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2020. 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.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 2 Critical accounting estimates and areas of judgement

(Continued)

#### Critical areas of judgement

The carrying value of tangible fixed assets is dependent on both the annual depreciation charge. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives. The accounting policies for depreciation of tangible fixed assets can be found in note 1 and the carrying value of tangible fixed assets can be found in note 11.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Devolved Formula Capital grants	-	-	-	26,919
Other donations	-	-	-	3,478
	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,397</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,397</u>

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	1,921,160	1,921,160	1,925,477
Pupil Premium	-	320,652	320,652	317,219
Sports Premium	-	19,580	19,580	19,600
Universal Infant Free School Meals	-	44,826	44,826	48,762
	-	2,306,218	2,306,218	2,311,058
<b>Other government grants</b>				
Early Years Single Funding Formula	-	188,563	188,563	258,063
Special Educational Needs	-	10,685	10,685	-
Looked After Children Pupil Premium	-	1,800	1,800	1,600
Teachers Pay Grant	-	88,876	88,876	15,497
Devolved Formula Capital	-	9,373	9,373	-
	-	299,297	299,297	275,160
<b>Other funds</b>				
Educational visits	12,538	-	12,538	30,658
After school clubs	24,002	-	24,002	19,065
Nursery and kindergarten	7,528	-	7,528	50,072
Catering income	14,293	-	14,293	46,182
Other income	54,465	-	54,465	70,248
	112,826	-	112,826	216,225
<b>Exceptional government funding</b>				
Coronavirus exceptional support	-	22,298	22,298	-
	-	22,298	22,298	-
<b>Total funding</b>	<b>112,826</b>	<b>2,627,813</b>	<b>2,740,639</b>	<b>2,802,443</b>

### 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Bank interest received	101	-	101	126

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 6 Expenditure

	Staff costs	Non-pay expenditure		Total	Total
	£	Premises	Other	2020	2019
	£	£	£	£	£
Academy's educational operations					
- Direct costs	1,666,233	84,303	169,690	1,920,226	1,960,901
- Allocated support costs	737,744	191,295	190,778	1,119,817	1,048,201
	<u>2,403,977</u>	<u>275,598</u>	<u>360,468</u>	<u>3,040,043</u>	<u>3,009,102</u>

#### Net income/(expenditure) for the year includes:

	2020	2019
	£	£
Fees payable to auditor for:		
- Audit	5,500	5,220
- Other assurance services	1,300	1,375
- Accounts preparation	1,325	1,485
Depreciation of tangible fixed assets	140,506	160,040
Net interest on defined benefit pension liability	53,000	61,000
	<u>142,931</u>	<u>170,420</u>

### 7 Charitable activities

	Unrestricted funds	Restricted funds	Total	Total
	£	£	2020	2019
	£	£	£	£
<b>Direct costs</b>				
Educational operations	19,078	1,901,148	1,920,226	1,960,901
<b>Support costs</b>				
Educational operations	61,699	1,058,118	1,119,817	1,048,201
	<u>80,777</u>	<u>2,959,266</u>	<u>3,040,043</u>	<u>3,009,102</u>



# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Charitable activities	(Continued)	
Analysis of costs	2020	2019
	£	£
<b>Direct costs</b>		
Teaching and educational support staff costs	1,666,233	1,654,950
Staff development	8,003	7,956
Depreciation	84,303	96,024
Technology costs	17,941	12,041
Educational supplies and services	81,996	96,550
Educational consultancy	38,634	58,871
Other direct costs	23,116	34,509
	<u>1,920,226</u>	<u>1,960,901</u>
<b>Support costs</b>		
Support staff costs	737,744	610,576
Depreciation	56,203	64,016
Technology costs	13,529	11,270
Maintenance of premises and equipment	51,860	51,761
Cleaning	10,383	14,380
Energy costs	47,300	61,441
Rent, rates and other occupancy costs	13,561	4,999
Insurance	11,988	5,365
Security and transport	15,257	25,670
Catering	61,699	77,894
Finance costs	53,000	61,000
Legal costs	20,174	23,983
Other support costs	18,904	27,766
Governance costs	8,215	8,080
	<u>1,119,817</u>	<u>1,048,201</u>
<b>8 Staff costs</b>		
	2020	2019
	£	£
Wages and salaries	1,682,829	1,691,992
Social security costs	147,231	145,276
Operating costs of defined benefit pension schemes	573,370	384,968
	<u>2,403,430</u>	<u>2,222,236</u>
Staff costs	2,403,430	2,222,236
Supply staff costs	547	43,290
	<u>2,403,977</u>	<u>2,265,526</u>
Total staff expenditure	<u>2,403,977</u>	<u>2,265,526</u>

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 8 Staff costs (Continued)

##### Staff numbers

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

	2020 Number	2019 Number
Teachers and teaching assistants	43	45
Administration and support	34	33
Management	2	2
	<u>79</u>	<u>80</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2020 Number	2019 Number
Teachers and teaching assistants	34	36
Administration and support	13	12
Management	2	2
	<u>49</u>	<u>50</u>

##### Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,000 - £90,000	1	-
	<u>1</u>	<u>1</u>

Total pension costs for employees earning more than £60,000 totalled £35,161 (2019 - £23,782).

##### Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £485,319 (2019 - £441,391).

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 9 Governors' remuneration and expenses

One or more of the Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Governors.

The value of Governors' remuneration and other benefits was as follows:

Gillian Sparrow (Head Teacher and Staff Governor)

- Remuneration £80,000 - £85,000 (2019: £75,000 - £80,000)
- Employer's pension contributions £15,000 - £20,000 (2019: £10,000 - £15,000)

Jason King (Deputy Head Teacher and Staff Governor)

- Remuneration £65,000 - £70,000 (2019: £60,000 - £65,000)
- Employer's pension contributions £15,000 - £20,000 (2019: £10,000 - £15,000)

Alice King (Staff Governor)

- Remuneration £25,000 - £30,000 (2019: £20,000 - £25,000)
- Employer's pension contributions £5,000 - £10,000 (2019: £5,000 - £10,000)

Gemma Gibbon (Staff Governor)

- Remuneration £15,000 - £20,000 (2019: £5,000 - £10,000)
- Employer's pension contributions £nil - £5,000 (2019: £nil - £5,000)

Danielle Bridges (Staff Governor)

- Remuneration £35,000 - £40,000 (2019: £20,000 - £25,000 )
- Employer's pension contributions £5,000 - £10,000 (2019: £nil - £5,000 )

During the year, 3 of the Staff Governors were reimbursed for educational supplies and sundry administration costs incurred privately on behalf of the school totalling £1,278 (2019 - £440).

#### 10 Insurance for Governors and officers

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

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 11 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Furniture & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2019	4,962,397	150,240	200,180	5,312,817
Additions	17,909	16,808	2,196	36,913
Disposals	-	(13,176)	-	(13,176)
At 31 August 2020	4,980,306	153,872	202,376	5,336,554
<b>Depreciation</b>				
At 1 September 2019	486,322	115,026	149,439	750,787
On disposals	-	(13,176)	-	(13,176)
Charge for the year	99,352	28,148	13,006	140,506
At 31 August 2020	585,674	129,998	162,445	878,117
<b>Net book value</b>				
At 31 August 2020	4,394,632	23,874	39,931	4,458,437
At 31 August 2019	4,476,075	35,214	50,741	4,562,030

Leasehold land and building additions in the year relate to new boilers and an external pathway.

### 12 Debtors

	2020	2019
	£	£
Trade debtors	3,590	-
VAT recoverable	38,335	46,118
Other debtors	-	3,000
Prepayments and accrued income	129,151	117,959
	171,076	167,077

### 13 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	3,579	26,155
Other taxation and social security	32,486	36,121
Other creditors	50,114	41,306
Accruals and deferred income	31,856	62,687
	118,035	166,269

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 14 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	23,731	27,525
Deferred income at 1 September 2019	27,525	29,690
Released from previous years	(27,525)	(29,690)
Resources deferred in the year	23,731	27,525
<b>Deferred income at 31 August 2020</b>	<b>23,731</b>	<b>27,525</b>

Deferred income relates to UIFSM received early relating to the next financial year.

#### 15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	44,430	1,921,160	(1,972,107)	6,517	-
Pupil Premium	-	320,652	(320,652)	-	-
Sports Premium	-	19,580	(19,580)	-	-
UIFSM	-	44,826	(44,826)	-	-
Early Years	-	201,048	(201,048)	-	-
Teachers Pay Grant	-	88,876	(88,876)	-	-
Covid Claim	-	22,298	(22,298)	-	-
Devolved Formula Capital	-	9,373	(9,373)	-	-
<b>Funds excluding pensions</b>	44,430	2,627,813	(2,678,760)	6,517	-
Pension reserve	(2,912,000)	-	(140,000)	(705,000)	(3,757,000)
	(2,867,570)	2,627,813	(2,818,760)	(698,483)	(3,757,000)
<b>Restricted fixed asset funds</b>					
General fixed assets fund	4,562,030	-	(140,506)	36,913	4,458,437
<b>Total restricted funds</b>	<b>1,694,460</b>	<b>2,627,813</b>	<b>(2,959,266)</b>	<b>(661,570)</b>	<b>701,437</b>
<b>Unrestricted funds</b>					
General funds	108,306	112,927	(80,777)	(43,430)	97,026
<b>Total funds</b>	<b>1,802,766</b>	<b>2,740,740</b>	<b>(3,040,043)</b>	<b>(705,000)</b>	<b>798,463</b>

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 15 Funds

(Continued)

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 as at 31st August 2020.

Excluding the Pension Reserve fund, the Academy is not carrying a deficit on any restricted general funds.

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

#### Unrestricted Funds

##### **General Fund**

Relates to all unrestricted fund activities.

#### Restricted Revenue Funds

##### **General Annual Grant (GAG)**

Relates to activities undertaken in the running of the school funded by the General Annual Grant and other related grants.

##### **Early Years Single Funding Formula (EYSFF)**

Relates to income received from the Local Council in order to fund free early education for two to four year olds.

##### **Pupil Premium Fund**

Relates to additional funding received to help raise the attainment of disadvantaged pupils and close the gap between them and their peers.

##### **Sports Premium Fund**

Relates to additional funding from the ESFA to help primary schools improve the quality of the PE and sport activities they offer their pupils.

##### **PTA Donation Fund**

Relates to a donation received from the school's parent teacher association as contribution towards specific expenditure relating to the upkeep of the school's building and furniture.

##### **Pension Fund**

Relates to the academy's share of the LGPS deficit provided for in the financial statements shown as a separate restricted fund in accordance with Academies - Accounts Direction 2019 to 2020.

##### **Devolved Formula Capital (DFC)**

Relates to funding received from the ESFA to fund improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment and minor works.

#### Restricted Capital Funds

##### **General Fixed Asset Fund**

Relates to the fixed assets of the academy.

##### **Transfers**

During the year £36,913 was transferred from the GAG restricted fund to the restricted general fixed asset fund relating to fixed asset additions paid out of the GAG restricted fund.

During the year £43,430 was transferred from the unrestricted general fund to the GAG restricted fund to cover an overspend of expenditure.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 15 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	43,363	1,925,477	(1,889,879)	(34,531)	44,430
Pupil Premium	-	318,819	(318,819)	-	-
Sports Premium	-	19,600	(19,600)	-	-
UIFSM	-	48,762	(48,762)	-	-
Early Years	-	258,063	(258,063)	-	-
PTA Donation	-	3,478	(3,478)	-	-
Teachers Pay Grant	-	15,497	(15,497)	-	-
	<u>43,363</u>	<u>2,589,696</u>	<u>(2,554,098)</u>	<u>(34,531)</u>	<u>44,430</u>
Funds excluding pensions	43,363	2,589,696	(2,554,098)	(34,531)	44,430
Pension reserve	(2,434,000)	-	(160,000)	(318,000)	(2,912,000)
	<u>(2,390,637)</u>	<u>2,589,696</u>	<u>(2,714,098)</u>	<u>(352,531)</u>	<u>(2,867,570)</u>
<b>Restricted fixed asset funds</b>					
General fixed assets fund	4,687,539	-	(160,040)	34,531	4,562,030
Devolved formula capital	-	26,919	(26,919)	-	-
	<u>4,687,539</u>	<u>26,919</u>	<u>(186,959)</u>	<u>34,531</u>	<u>4,562,030</u>
<b>Total restricted funds</b>	<u>2,296,902</u>	<u>2,616,615</u>	<u>(2,901,057)</u>	<u>(318,000)</u>	<u>1,694,460</u>
<b>Unrestricted funds</b>					
General funds	-	216,351	(108,045)	-	108,306
	<u>-</u>	<u>216,351</u>	<u>(108,045)</u>	<u>-</u>	<u>108,306</u>
<b>Total funds</b>	<u>2,296,902</u>	<u>2,832,966</u>	<u>(3,009,102)</u>	<u>(318,000)</u>	<u>1,802,766</u>

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2020 £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	4,458,437	4,458,437
Current assets	97,026	118,035	-	215,061
Creditors falling due within one year	-	(118,035)	-	(118,035)
Defined benefit pension liability	-	(3,757,000)	-	(3,757,000)
	<u>97,026</u>	<u>(3,757,000)</u>	<u>4,458,437</u>	<u>798,463</u>
	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	4,562,030	4,562,030
Current assets	108,306	210,699	-	319,005
Creditors falling due within one year	-	(166,269)	-	(166,269)
Defined benefit pension liability	-	(2,912,000)	-	(2,912,000)
	<u>108,306</u>	<u>(2,867,570)</u>	<u>4,562,030</u>	<u>1,802,766</u>

Loans between funds relates to monies that would have otherwise been allocated to general restricted funds used to purchase capitalised expenditure allocated to fixed asset restricted funds ahead of the Academy Trust receiving amounts included in accrued income at the year end which such expenditure has been allocated to.

#### 17 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31st March 2016, and that of the LGPS related to the period ended 31st March 2016.

Contributions amounting to £50,114 (2019 - £41,306) were payable to the schemes at 31 August 2020 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.



# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

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#### 17 Pensions and similar obligations

(Continued)

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £221,613 (2019 - £144,293).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.4% for employers and between 5.5% and 12.5% for employees depending on the level of salary earned by each employee.

Hillstone Primary School is also to pay additional lump sum contributions of £95,553 for 2020/21, £99,037 for 2021/22 and £103,000 for 2022/23.

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.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 17 Pensions and similar obligations (Continued)

##### Valuation of LGPS provision

The amounts recognised in the balance sheet are as follows:

	2020 £	2019 £
Present value of defined benefit obligations	(5,203,000)	(4,041,000)
Fair value of the Academy's share of scheme assets	1,446,000	1,129,000
	<u>(3,757,000)</u>	<u>(2,912,000)</u>

##### Total contributions made

	2020 £	2019 £
Employer's contributions	256,000	214,000
Employees' contributions	44,000	45,000
	<u>300,000</u>	<u>259,000</u>

##### Principal actuarial assumptions

	2020 %	2019 %
Rate of increases in salaries	3.25	3.70
Rate of increase for pensions in payment	2.25	2.20
Discount rate	<u>1.60</u>	<u>1.85</u>

As an indication of the sensitivity of the provision to the assumptions applied, it is projected that:

- a change of +0.1% to the discount rate would reduce the present value of total obligations by £138,000, alternatively a change of -0.1% to the discount rate would increase the present value of total obligations by £142,000. Projected service costs for the year would decrease by £13,000 with a change of +0.1% and increase by £13,000 with a change of -0.1%.
- a change of +0.1% to the long-term salary would increase the present value of total obligations by £13,000, alternatively a change of -0.1% to the long-term salary would decrease the present value by £13,000. Projected service costs for the year would not change.
- a change of +0.1% to the pension increase and deferred valuation would increase the present value of total obligations by £128,000, alternatively a change of -0.1% would decrease the present value of total obligations by £124,000. Projected service costs for the year would increase by £13,000 with a change of +0.1% and decrease by £12,000 with a change of -0.1%.
- a change of +1 year to the life expectancy assumptions would increase the present value of total obligation by £213,000, alternatively a change of -1 year to the life expectancy assumption decreases the present value of total obligation by £204,000. Projected service costs for the year would increase by £15,000 with a change of +1 year and decrease by £14,000 with a change of -1 year.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2020

#### 17 Pensions and similar obligations

(Continued)

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

	2020 Years	2019 Years
Retiring today		
- Males	21.9	20.9
- Females	24.1	23.2
Retiring in 20 years		
- Males	23.8	22.6
- Females	26.0	25.1

#### The Academy Trust's share of the assets in the scheme

	2020 Fair value £	2019 Fair value £
Equities	812,000	678,000
Gilts	157,000	107,000
Other bonds	56,000	43,000
Cash	96,000	41,000
Property	109,000	92,000
Other assets	216,000	168,000

Total market value of assets	1,446,000	1,129,000
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Actual return on scheme assets - gain/(loss)	105,000	(62,000)
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#### Amounts recognised in the statement of financial activities

	2020 £	2019 £
Current service cost (net of employer contributions)	87,000	99,000
Net interest cost	53,000	61,000
Total operating charge	140,000	160,000

Actuarial gains/(losses) on defined benefit pension schemes	(705,000)	(318,000)
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# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Pensions and similar obligations	(Continued)	
<b>Changes in the present value of defined benefit obligations</b>	<b>2020</b>	
	£	
Obligations at 1 September 2019	4,041,000	
Current service cost	303,000	
Interest cost	75,000	
Employee contributions	44,000	
Actuarial losses/(gains)	787,000	
Benefits paid	(87,000)	
Plan introductions, benefit changes, curtailments and settlements	40,000	
	<hr/>	
At 31 August 2020	5,203,000	
	<hr/> <hr/>	
<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>	<b>2020</b>	
	£	
Assets at 1 September 2019	1,129,000	
Interest income	23,000	
Actuarial gains	82,000	
Employer contributions	256,000	
Employee contributions	44,000	
Benefits paid	(87,000)	
	<hr/>	
At 31 August 2020	1,447,000	
	<hr/> <hr/>	
<b>18 Reconciliation of net expenditure to net cash flow from operating activities</b>	<b>2020</b>	<b>2019</b>
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(299,303)	(176,136)
Adjusted for:		
Capital grants from DfE and other capital income	-	(26,919)
Investment income receivable	(101)	(126)
Defined benefit pension costs less contributions payable	87,000	99,000
Defined benefit pension scheme finance cost	53,000	61,000
Depreciation of tangible fixed assets	140,506	160,040
(Increase) in debtors	(3,999)	(17,906)
(Decrease) in creditors	(48,234)	(57,532)
	<hr/>	<hr/>
<b>Net cash (used in)/provided by operating activities</b>	<b>(71,131)</b>	<b>41,421</b>
	<hr/> <hr/>	<hr/> <hr/>

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 19 Major non-cash transactions

Included in accrued income at the year end was £10,197 (2019 - £10,197) relating to an accrued ESFA capital grant.

### 20 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	151,928	(107,943)	43,985

### 21 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	-	9,868
Amounts due in two and five years	-	6,262
	-	16,130

### 22 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

#### Contracts Property Maintenance Limited

The director of Contracts Property Maintenance Limited is the husband of a (non-governor) member of the Senior Leadership Team. During the year, Hillstone Primary School incurred building repairs and maintenance costs payable to Contracts Property Maintenance Limited totalling £44,973 (2019 - £52,185). Hillstone Primary School conducted these transactions at arm's length following a competitive tendering process in accordance with Hillstone Primary School internal financial regulations and normal procurement procedures, which the related member of the senior leadership team did not participate in.

#### Birmingham's Children's Community Venture Limited

Two directors of Birmingham's Children's Community Venture Limited are also governors of Hillstone Primary School. During the year, Hillstone Primary School incurred subscription costs payable to Birmingham's Children's Community Venture Limited totalling £1,500 (2019 - £1,500).

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2020.

# HILLSTONE PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2020*

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### **23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.