
HURSTMERE SCHOOL
(A company limited by guarantee)

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



HURSTMERE SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mrs V Hughes-Narborough
Mr H Douglas
Mrs E Allen
Mr R Pavey
Mrs D Halton

Governors

Mrs E Allen, Chair¹
Mr G Stollery, Principal & Accounting Officer
Mrs N Coney
Mr P Bennett¹
Mr J Cutts
Mr I Coombes¹
Mr J Smoker (resigned 27 June 2018)¹
Mr D Chatt
Mr R Pavey, Vice Chair
Mrs V Hughes-Narborough, Honorary Chairman & Companion¹
Mr P Letchford (resigned 25 September 2018)
Mrs M Bateman (resigned 25 April 2018)
Mr T Baston (appointed 25 April 2018)
Ms L Notton (appointed 25 April 2018)
Mr I Simpson (appointed 1 December 2017)

¹ Finance, Audit and General Purpose Committee

Company registered number

07654127

Company name

Hurstmere School

Principal and registered office

Hurst Road, Sidcup, Kent, DA15 9AW

Company secretary

Mrs C Murphy

Principal Finance Officer

Mrs I Cunningham

Senior management team

Mr G Stollery, Principal
Mrs L Bennett, Vice Principal
Mrs L Davis, Vice Principal

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

Advisers (continued)

Mrs S Chakarto, Assistant Principal
Mr K Wadsworth, Assistant Principal
Mrs W Day, Assistant Principal
Mr P Bolter, Associate Senior Leader
Miss S Gallagher, Associate Senior Leader
Mr M Wright, Associate Senior Leader

Independent auditor

PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London, E14 4HD

Bankers

Lloyds PLC, 130 Broadway, Bexleyheath, Kent, DA6 7DP

Accountants

Bayar Hughes & Co, 4 Green Lane Business Park, 238 Green Lane, New Eltham, London, SE9 3TL

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The academy is a provider of secondary education for children aged from 10 to 16 years with an intake of 210, and is continually oversubscribed.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association is the primary governing document of the academy trust.

The Governors of Hurstmere School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Hurstmere School. .

Details of the Governors who served during the year and up to the date of the report are included in the Reference and Administrative Details on page 1.

b. MEMBERS' LIABILITY

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

c. GOVERNORS' INDEMNITIES

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £877 (2017:£877).

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association stipulate that the number of Governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Governing Body comprises of up to 14 members. Subject to Articles 48-49 (which includes, for the avoidance of doubt Article 48A) and 64, the Academy Trust shall have the following Governors:

- a) Up to 14 Governors, appointed under Article 50;
- b) the Principal;
- c) up to 4 Staff Governors, elected under Article 58A;
- c.i) not less than 2 Parent Governors appointed under Articles 53-58;

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

- e) any additional Governors, if appointed under Article 62, 62A or 68A; and
- f) any further Governors, if appointed under Article 63 or Article 68A.

The term of office for any Governor shall be four years: save that this time limit shall not apply to the Principal and any Staff Governor shall only hold office for so long as he/she continues to be employed as a teacher or member of support staff as the case may be. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

When seeking new Governors the Chairman assesses the skill sets of the current members and considers what qualities and experience would enhance the team for the benefit of the Academy.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The Academy employs the services of Mrs S Tregear, former Clerk of Bexley Governance, as Clerk to the Governors and all appropriate training is logged and sourced from varied providers.

f. ORGANISATIONAL STRUCTURE

Apart from several other specific roles the Governors mainly support the Academy as members of four Committees which deal with policies, developments and assessment of four different areas of the Academy's functioning. These committees are:

- 1) Fabric Committee
- 2) Teaching and Learning Committee
- 3) Personnel and Pay Committee
- 4) Finance, Audit and General Purpose Committee

The Governors have powers delegated to them from the full Governing Body to make decisions on behalf of the Academy within the remit of the committee's sphere of concern. The committees meet each term and their work is reported to the full Governing Body in a meeting towards the end of each term. All policies and budget decisions are decided upon by agreement of the Governing Body.

The day to day management of the school is the responsibility of the Principal and his Senior Management Team.

The Principal acts as the Accounting Officer. He is a member of the Finance, Audit and General Purpose Committee, Personnel and Pay Committee and the Deputy and Vice Principals are attached to the other two Governors' committees.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Governors adopt a Pay Policy under the jurisdiction of the Personnel and Pay Committee and using local council advice.

h. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	97

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	-	
Total pay bill	-	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Hurstmere School is a single Academy and is not part of a federation. The Academy is part of an Umbrella Trust together with four other local schools, which is known as The Penhill Trust.

Objectives and Activities

a. OBJECTS AND AIMS

The Academy's main object is stated under the heading "Principal Activities" but the Academy's School Improvement and Development Plan cites three areas of priority. These aims have been agreed by the Governing Body as appropriate targets and they give a clear sense of the Academy's aspirations and character as a school.

Objective 1 - To raise achievement and standards

- a) To set aspirational and robust targets
- b) To raise attainment through effective assessment
- c) Develop the curriculum offer
- d) Raise Standards in Teaching and Learning

Objective 2 - To review and enhance the whole school entitlement and experience.

- a) Targeted intervention for identified student groups
- b) Effective use of Pupil Premium to raise standards
- c) Utilise the specialisms of sport and science across the curriculum and beyond the school to raise attainment
- d) Enhance the learning environment

Objective 3 - To adopt a rigorous and robust approach towards the leadership, management and monitoring of the school.

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

- a) Adopt robust internal controls and financial management systems to comply with the 'Academy Financial Handbook'.
- b) To ensure succession planning
- c) Monitor and review the quality of teaching and learning
- d) Robust staff appraisal and capability

b. PUBLIC BENEFIT

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

Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

The Academy has been fully staffed during the period from 1st September 2016 and remains very popular within its local area. It is heavily oversubscribed at primary transition and has a waiting list in all years. In 2016 and 2017 average progress for Year 11 students taking GCSE exams was above that of boys nationally. In 2018 85.1% and 72.3% of Year 11 students gained GCSE grades 9 – 4 in English and Maths respectively. In times of budgetary reduction, the Academy maintains a plan to ensure the use of reserves, alongside a spending reduction programme to 2021. Year 10 students once again this year took part in the Jack Petchey Speakout Competition, an acclaimed public speaking competition and were very successful. Hurstmere School was one of only three schools to receive the School Games Platinum Award.

b. GOING CONCERN

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

c. REVIEW OF ACTIVITIES

47% of students achieved Grade 5 or higher in GCSE English and Mathematics. 71% of boys achieved both English and Mathematics grades at Grade 4 or higher. The school's overall Progress 8 figure was 0.38. Over 20 students transferred with higher grades to grammar school sixth forms in the area and more students were better prepared for moving on to Level 3 courses in Key Stage 5.

The school has adopted a number of strategies to reduce costs or increase income. It admitted 218 students, 8 above its PAN again this year. For the fourth year running the school was successful in bidding to the ESFA maintenance grant, receiving funding for enhanced safeguarding works and a new CCTV system.

As part of the South East London Schools Alliance, the group have run combined professional development courses amongst the 13 schools aimed at sharing good practice and raising standards.

Hurstmere is also part of an umbrella trust, the 'Penhill Trust', with four other local schools.

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

Governors annually review results at the Teaching and Learning Committee in tandem with the senior leadership to identify areas for improvement. Those areas identified by Ofsted Inspection 2018 are under review.

Hurstmere has some boys who, on transfer at age 11, are below national average ability. This means it has to direct funding to catch up work in the early years of secondary schooling to ensure that these students can access the curriculum. The school employs additional mentors from local sixth forms, teaching assistants and invests in specialist computer packages for supporting students with Additional Educational Needs.

The Trust invests heavily in teaching staff as our key resource; it constrains its support staff budget to ensure a balanced budget. This is evidenced against national benchmarking data. The school sells services where appropriate to raise additional funding. Its target is to raise academic progress whilst remaining financially prudent. The school has a facilities lettings policy to raise additional funds. It also benefits from private contributions from parents and past pupils in the school fund which are used to help develop the site to enhance the facilities available to students.

Financial review

a. RESERVES POLICY

The Governors recognise that it is prudent to keep funds as a reserve in case of unexpected costs arising; however this needs to be balanced with the fact that any Academy is funded for the benefit of the students currently in the Academy. Therefore the level of reserves is carefully considered at the termly meetings of the Finance, Audit and General Purpose Committee.

The value of each reserve is included within the financial review under note e below.

b. INVESTMENTS POLICY

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

The academy will invest surplus cash funds to optimise returns, along with ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Governors review and approve the Academy's Risk Management register on an annual basis. During the year the Finance, Audit and General Purpose Committee and Senior Leadership Team review the level of risk within the register to ensure all events are assessed and evaluated.

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.

d. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Governors regularly monitor reserves to ensure that the Academy has sufficient funds to meet all of its obligations and that there are no disruptions to the education of students. The Governors have assessed risk to which the academy is exposed, in particular those related to specific teaching and safeguarding of students and staff. They have in place a detailed risk register with control measures and action plans in order to minimise risk.

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

e. FINANCIAL REVIEW

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency who provide us with a grant, based largely on our student numbers to cover our staffing and other general running costs. The ESFA may also provide us with additional grants which are earmarked for specific purposes such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils. These appear in the financial statements as DfE/ESFA grants. Such income is collectively referred to as Restricted Funds. Other income is received from parents, as contributions for trips or other costs, or from third parties such banks for interest on our account balances, or from other who are charged for the use of our facilities. Such other income may be restricted or unrestricted depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the governors.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending. Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of the governors (Unrestricted Funds) and those which are subject to condition or restriction, (Restricted Funds).

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in the financial statements, and as this is not a conventional liability, it does not need to be deducted from spendable funds.

As of 31 August 2018 the Academy held fund balances comprising £60,669 (2017:£116,111) of restricted funds (excluding pension and fixed assets) and £996,950 (2017:£1,083,048) of general unrestricted funds. The Academy's share of the Local Government Pension Scheme deficit at 31 August 2018 is £775,000 (2017: £1,110,000) as calculated by actuaries.

The Fixed Asset fund of £15,203,118 (2017:£15,374,397) is not available for spending as it represents the net book value of fixed assets. Future depreciation will be charged against this fund.

Fundraising

The Academy does not undertake any fundraising activities.

Plans for future periods

a. FUTURE DEVELOPMENTS

Hurstmere School believes it is well placed to deal with the future financial constraints facing educational establishments. It has managed to reduce staffing without redundancies hence maintaining staff morale. This has been achieved largely by savings at Senior Leadership Team level. The Penhill Trust has expanded to include both Chislehurst and Sidcup Grammar School and Bexley Grammar School. The rigour of the new GCSE's is challenging with regard to the changing accountability measures, but the school feels well placed to meet this challenge.

FUNDS HELD AS CUSTODIAN

No funds are held as custodian trustees on behalf of others by the academy.

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

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

AUDITORS

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

The Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 5 December 2018 and signed on its behalf by:



Mrs E Allen
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that Hurstmere 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 Principal, 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 Hurstmere School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The board of governors has formally met 17 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mrs E Allen, Chair from 01/09/2016	16	17
Mr G Stollery, Principal & Accounting Officer	12	12
Mrs N Coney	6	7
Mr P Bennett	11	11
Mr J Cutts	11	12
Mr I Coombes	12	14
Mr J Smoker	8	17
Mr D Chatt	8	8
Mr R Pavey, Vice Chair	13	17
Mrs V Hughes-Narborough, Honorary Chairman & Companion	0	0
Mr P Letchford	5	7
Mrs M Bateman	0	2
Mr T Baston	2	2
Ms L Notton	1	2
Mr I Simpson	2	4

Changes in the composition of the board during the year are as follows:-

- Mr I Simpson was appointed governor (December 2017)
- Mrs M Bateman resigned as parent governor (April 2018)
- Mme L Notton was appointed as staff governor (April 2018)
- Mr T Baston was appointed as staff governor (April 2018)
- Mr J Smoker resigned as governor (June 2018)
- Mr P Letchford resigned as parent governor (September 2018)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money

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GOVERNANCE STATEMENT (continued)

during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

The school is aware of the continued financial constraints as government funding for the year was less than the previous year. The school continues to be popular and oversubscribed therefore does not suffer from the financial pressures caused by falling rolls. In addition, the decision to continue our Year 7 intake increase from 2010 to 218 continues.

Restructuring of the Senior Leadership Team and a review of staffing has allowed the school to make budgetary savings and still maintain its academic progress whilst remaining financially prudent.

The service level agreements and other contracts purchased from outside services have been reviewed and savings wherever possible have been made, such as with attendance and early intervention provision.

The school continues to raise funds by letting facilities including the Sports Hall and the floodlit Astro turf pitch.

The school has invested in setting up a cashless system which has been a cost effective way of collecting money for school trips and providing a service to purchase learning materials for the pupils.

The school continues to apply for external grants and has been successful in securing bids to replace all the internal doors with fire doors that are compliant with the national health and safety standards. The most recent bid for safeguarding has given the school the opportunity to add secure fencing and access gates to the site, as well as additional CCTV cameras and a secure signing system in the school reception.

Following a review of the ICT structure within the school, plans are being developed to provide a system to allow staff and pupils to have remote access to teaching and learning software. The initial outlay will bring savings for the future for the whole of the school network and provide a more efficient learning platform for the pupils.

The school continues to seek value for money and works closely with other trusts to share providers, consultants and benchmarking data to ensure they can utilise each other's expertise to achieve high quality goods and services at competitive price.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hurstmere School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

THE RISK AND CONTROL FRAMEWORK

The academy's system of internal financial control is based on a framework of regular management information

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GOVERNANCE STATEMENT (continued)

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, Audit and General Purpose Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided to appoint Bayar Hughes & Co Ltd as internal auditor.

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

- A review of monthly wages and salary payments.
- Testing of control accounts and bank reconciliations.
- Tests on a sample of income and payments to ensure that they are in line with the Academy's financial procedures and/or the Academies Finance Handbook.

On a termly basis, the auditor reports to the board of governors through the Finance, Audit and General Purposes committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The appointees's view is that systems operate well at Hurstmere School. No material control weaknesses have been identified and all findings have been reported to the Governors. Governors are satisfied that the role has been delivered effectively.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and General Purpose Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 5 December 2018 and signed on their behalf, by:



Mrs E Allen
Chair of Trustees



Mr G Stollery, Principal &
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mr G Stollery
Accounting Officer

Date: 5 December 2018

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

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

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

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

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

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

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

Approved by order of the members of the board of governors on 5 December 2018 and signed on its behalf by:



Mrs E Allen
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HURSTMERE SCHOOL**

OPINION

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HURSTMERE SCHOOL**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HURSTMERE SCHOOL**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Alastair Duke FCA

Senior Statutory Auditor
For and on behalf of PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD
Date: 5th December 2018

HURSTMERE SCHOOL
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HURSTMERE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 10 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hurstmere School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF HURSTMERE SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Hurstmere School's funding agreement with the Secretary of State for Education dated 15 January 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- A review of the conclusion reached on regularity and propriety in the year, including the action taken in respect of points raised in the audit management letter;
- A review of minutes of the Governing Body and its key sub committee;
- Checking a sample of expenditure transactions to ensure that they do not contravene the funding agreement and have been authorised in accordance with the Academy's financial procedures and/or the Academies Financial Handbook, and
- Evaluating and documenting internal controls and testing their application by walk through.

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

CONCLUSION

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



PKF Littlejohn LLP

Reporting Accountant

1 Westferry Circus
Canary Wharf
London
E14 4HD

5 December 2018

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	5,000	-	-	5,000	-
Charitable activities	3	-	5,911,700	21,736	5,933,436	6,068,571
Other trading activities	4	299,884	24,731	-	324,615	292,753
Investments	5	83	2,589	-	2,672	3,036
TOTAL INCOME		304,967	5,939,020	21,736	6,265,723	6,364,360
EXPENDITURE ON:						
Charitable activities		241,065	6,261,729	195,748	6,698,542	6,685,516
TOTAL EXPENDITURE	6	241,065	6,261,729	195,748	6,698,542	6,685,516
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	63,902 (150,000)	(322,709) 147,267	(174,012) 2,733	(432,819) -	(321,156) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(86,098)	(175,442)	(171,279)	(432,819)	(321,156)
Actuarial gains on defined benefit pension schemes	21	-	455,000	-	455,000	563,000
NET MOVEMENT IN FUNDS		(86,098)	279,558	(171,279)	22,181	241,844
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,083,048	(993,889)	15,374,397	15,463,556	15,221,712
TOTAL FUNDS CARRIED FORWARD		996,950	(714,331)	15,203,118	15,485,737	15,463,556

HURSTMERE SCHOOL
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BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		15,203,118		15,374,397
CURRENT ASSETS					
Debtors	14	184,870		211,429	
Cash at bank and in hand		1,245,593		1,412,970	
		<u>1,430,463</u>		<u>1,624,399</u>	
CREDITORS: amounts falling due within one year	15	(372,844)		(425,240)	
NET CURRENT ASSETS			<u>1,057,619</u>		<u>1,199,159</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,260,737</u>		<u>16,573,556</u>
Defined benefit pension scheme liability	21	(775,000)			(1,110,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>15,485,737</u></u>		<u><u>15,463,556</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	60,669		116,111	
Restricted fixed asset funds	16	15,203,118		15,374,397	
		<u>15,263,787</u>		<u>15,490,508</u>	
Restricted income funds excluding pension liability					
Pension reserve		(775,000)		(1,110,000)	
		<u></u>		<u></u>	
Total restricted income funds			14,488,787		14,380,508
Unrestricted income funds	16		996,950		1,083,048
TOTAL FUNDS			<u><u>15,485,737</u></u>		<u><u>15,463,556</u></u>

The financial statements on pages 20 to 44 were approved by the Governors, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:



Mrs E Allen
Chair of Trustees

HURSTMERE SCHOOL
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	18	<u>(145,580)</u>	<u>(284,636)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,672	3,036
Purchase of tangible fixed assets		<u>(24,469)</u>	<u>(12,492)</u>
Net cash used in investing activities		<u>(21,797)</u>	<u>(9,456)</u>
Change in cash and cash equivalents in the year		<u>(167,377)</u>	<u>(294,092)</u>
Cash and cash equivalents brought forward		<u>1,412,970</u>	<u>1,707,062</u>
Cash and cash equivalents carried forward	19	<u><u>1,245,593</u></u>	<u><u>1,412,970</u></u>

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Hurstmere School constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

Investment income, is allocated to the appropriate fund.

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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.

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £4,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities. 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.

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% Straight line
Freehold Improvements	-	6.67% Straight line
Furniture and fixtures	-	20% Reducing balance
Motor vehicles	-	25% Reducing balance
Computer equipment	-	33% Straight line

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

1.7 Operating leases

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

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 Taxation

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

1.13 Pensions

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

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

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

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	5,000	-	5,000	-

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,380,606	5,380,606	5,398,775
Other DfE/EFA grants	-	467,373	467,373	576,617
Local authority grants	-	34,525	34,525	55,779
Other grants	-	50,932	50,932	37,400
	-	5,933,436	5,933,436	6,068,571
<i>Total 2017</i>	-	6,068,571	6,068,571	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	34,335	-	34,335	35,041
Catering	569	-	569	5,219
Other income	7,369	24,731	32,100	37,196
School trips income	218,193	-	218,193	180,717
School fund income	39,418	-	39,418	34,580
	299,884	24,731	324,615	292,753
<i>Total 2017</i>	262,115	30,638	292,753	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	83	2,589	2,672	3,036
<i>Total 2017</i>	78	2,958	3,036	

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

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational operations:					
Direct costs	4,157,013	-	762,796	4,919,809	4,774,559
Support costs	634,419	849,596	294,718	1,778,733	1,910,957
	<u>4,791,432</u>	<u>849,596</u>	<u>1,057,514</u>	<u>6,698,542</u>	<u>6,685,516</u>
Total 2017	<u>4,806,289</u>	<u>931,652</u>	<u>947,575</u>	<u>6,685,516</u>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	4,919,809	1,778,733	6,698,542	6,685,516
Total 2017	<u>4,774,559</u>	<u>1,910,957</u>	<u>6,685,516</u>	

Analysis of support costs

	Educational operations £	Total 2018 £	Total 2017 £
Staff costs	634,237	634,237	659,238
Depreciation	195,748	195,748	211,373
Premises Costs	653,849	653,849	758,430
Other support costs	285,399	285,399	271,916
Professional fees	9,500	9,500	10,000
	<u>1,778,733</u>	<u>1,778,733</u>	<u>1,910,957</u>
At 31 August 2017	<u>1,910,957</u>	<u>1,910,957</u>	

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	195,748	211,374
Operating leases	6,161	5,012
	<u> </u>	<u> </u>

9. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	9,500	10,000
	<u> </u>	<u> </u>

HURSTMERE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,655,879	3,636,746
Social security costs	365,805	374,599
Operating costs of defined benefit pension schemes	640,640	653,419
	<u>4,662,324</u>	<u>4,664,764</u>
Agency staff costs	129,108	141,525
	<u><u>4,791,432</u></u>	<u><u>4,806,289</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	52	57
Administration and Support	53	50
Management	7	6
	<u>112</u>	<u>113</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	2
In the band £90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. during the year to 31 August 2018 pension contributions for these staff amounted to £49,793 (2017:£76,098).

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £609,436 (2017:£543,942).

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11. GOVERNORS' REMUNERATION AND EXPENSES

The highest paid Governor received remuneration of £95,417 (2017 - £61,901).

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

		2018 £	2017 £
Mr A Stringer, Principal & Accounting Officer	Remuneration	-	35,000-40,000
	Pension contributions paid	-	5,000-10,000
Mr M Wright, Staff Governor	Remuneration	-	45,000-50,000
	Pension contributions paid	-	5,000-10,000
Mr G Stollery, Principal & Accounting Officer	Remuneration	95,000-100,000	60,000-65,000
	Pension contributions paid	15,000-20,000	5,000-10,000
Mr P Bolter, Staff Governor	Remuneration	-	45,000-50,000
	Pension contributions paid	-	5,000-10,000
Mrs C Fletcher, Staff Governor	Remuneration	-	10,000-15,000
	Pension contributions paid	-	0-5,000
Mr T Baston	Remuneration	20,000-25,000	-
	Pension contributions paid	0-5,000	-
Ms L Notton	Remuneration	20,000-25,000	-
	Pension contributions paid	0-5,000	-

During the year ended 31 August 2017, no Governors received any reimbursement of expenses (2016 - £NIL).

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £877 (2017 - £877).

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13. TANGIBLE FIXED ASSETS

	Freehold property £	Freehold improvements £	Furniture and fixtures £	Plant and equipment £	Total £
Cost					
At 1 September 2017	15,972,151	208,029	261,577	234,657	16,676,414
Additions	-	-	-	24,469	24,469
At 31 August 2018	15,972,151	208,029	261,577	259,126	16,700,883
Depreciation					
At 1 September 2017	861,840	55,476	167,675	217,026	1,302,017
Charge for the year	143,640	13,869	18,780	19,459	195,748
At 31 August 2018	1,005,480	69,345	186,455	236,485	1,497,765
Net book value					
At 31 August 2018	14,966,671	138,684	75,122	22,641	15,203,118
At 31 August 2017	15,110,311	152,553	93,902	17,631	15,374,397

14. DEBTORS

	2018 £	2017 £
Trade debtors	70,553	85,850
Vat recoverable	70,937	81,625
Prepayments and accrued income	43,380	43,954
	184,870	211,429

15. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other loans	8,691	8,691
Trade creditors	18,635	55,690
Other taxation and social security	90,519	99,376
Accruals and deferred income	254,999	261,483
	372,844	425,240

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

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	195,135	229,539
Resources deferred during the year	205,029	195,135
Amounts released from previous years	(195,135)	(229,539)
	<u>205,029</u>	<u>195,135</u>
Deferred income at 31 August 2018	<u>205,029</u>	<u>195,135</u>

Income deferred at year end relates to a School Games Organiser grant from ECORYS UK of £27,767 (2017:£27,763), ESFA NNDR relief of £21,396 (2017:£20,813), school trips of £37,692 (2017:£44,487) and ESFA Condition Improvement Funding of £118,174 (2017:£102,072).

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16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	786,948	42,273	-	(150,000)	-	679,221
School fund	256,850	44,463	(40,135)	-	-	261,178
School trips	39,250	218,231	(200,930)	-	-	56,551
	<u>1,083,048</u>	<u>304,967</u>	<u>(241,065)</u>	<u>(150,000)</u>	<u>-</u>	<u>996,950</u>
Restricted funds						
General Annual Grant (GAG)	116,111	5,380,606	(5,583,315)	147,267	-	60,669
Other Dfe/ESFA Grants	-	167,763	(167,763)	-	-	-
Local Authority Grants	-	34,525	(34,525)	-	-	-
Other Grants	-	50,932	(50,932)	-	-	-
Investment Income	-	2,589	(2,589)	-	-	-
Other Income	-	24,731	(24,731)	-	-	-
CIF	-	277,874	(277,874)	-	-	-
Pension reserve	(1,110,000)	-	(120,000)	-	455,000	(775,000)
	<u>(993,889)</u>	<u>5,939,020</u>	<u>(6,261,729)</u>	<u>147,267</u>	<u>455,000</u>	<u>(714,331)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	15,374,397	21,736	(195,748)	2,733	-	15,203,118
Total restricted funds	<u>14,380,508</u>	<u>5,960,756</u>	<u>(6,457,477)</u>	<u>150,000</u>	<u>455,000</u>	<u>14,488,787</u>
Total of funds	<u>15,463,556</u>	<u>6,265,723</u>	<u>(6,698,542)</u>	<u>-</u>	<u>455,000</u>	<u>15,485,737</u>

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

The Restricted General funds are used to fund the general operating costs of the Academy.

The General Annual Grant is provided by the Education and Skills Funding Agency (ESFA) to enable the Academy to fulfil its educational objectives.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

The Restricted LGPS Fund represents the Academy Trust's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £15,203,118 (2017:

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

£15,374,397). When fixed assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at the year end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	739,034	48,012	(99)	-	-	786,947
School fund	231,232	33,412	(7,794)	-	-	256,850
School trips	37,243	180,769	(178,762)	-	-	39,250
	<u>1,007,509</u>	<u>262,193</u>	<u>(186,655)</u>	<u>-</u>	<u>-</u>	<u>1,083,047</u>
Restricted funds						
General Annual Grant (GAG)	213,924	5,398,775	(5,496,588)	-	-	116,111
Other Dfe/ESFA Grants	-	153,239	(153,239)	-	-	-
Local Authority Grants	-	55,779	(55,779)	-	-	-
Other Grants	-	37,400	(37,400)	-	-	-
Investment Income	-	2,958	(2,958)	-	-	-
Other Income	-	30,638	(30,638)	-	-	-
Devolved Formula Capital Grant	-	21,634	(9,142)	(12,492)	-	-
CIF	-	401,744	(401,744)	-	-	-
Pension reserve	(1,573,000)	-	(100,000)	-	563,000	(1,110,000)
	<u>(1,359,076)</u>	<u>6,102,167</u>	<u>(6,287,488)</u>	<u>(12,492)</u>	<u>563,000</u>	<u>(993,889)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	15,573,278	-	(211,373)	12,492	-	15,374,397
	<u>15,573,278</u>	<u>-</u>	<u>(211,373)</u>	<u>12,492</u>	<u>-</u>	<u>15,374,397</u>
Total restricted funds	<u>14,214,202</u>	<u>6,102,167</u>	<u>(6,498,861)</u>	<u>-</u>	<u>563,000</u>	<u>14,380,508</u>
Total of funds	<u>15,221,711</u>	<u>6,364,360</u>	<u>(6,685,516)</u>	<u>-</u>	<u>563,000</u>	<u>15,463,555</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	739,034	48,012	(99)	-	-	786,947
School fund	231,232	75,685	(7,794)	(150,000)	-	149,123
School trips	37,243	225,232	(218,897)	-	-	43,578
	-	218,231	(200,930)	-	-	17,301
	<u>1,007,509</u>	<u>567,160</u>	<u>(427,720)</u>	<u>(150,000)</u>	<u>-</u>	<u>996,949</u>
Restricted funds						
General Annual Grant (GAG)	213,924	10,779,381	(11,079,903)	147,267	-	60,669
Other Dfe/ESFA Grants	-	321,002	(321,002)	-	-	-
Local Authority Grants	-	90,304	(90,304)	-	-	-
Other Grants	-	88,332	(88,332)	-	-	-
Investment Income	-	5,547	(5,547)	-	-	-
Other Income	-	30,638	(30,638)	-	-	-
Devolved Formula Capital Grant	-	46,365	(33,873)	(12,492)	-	-
CIF	-	679,618	(679,618)	-	-	-
Pension reserve	(1,573,000)	-	(220,000)	-	1,018,000	(775,000)
	<u>(1,359,076)</u>	<u>12,041,187</u>	<u>(12,549,217)</u>	<u>134,775</u>	<u>1,018,000</u>	<u>(714,331)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	-	21,736	(195,748)	2,733	-	(171,279)
Restricted Fixed Asset Fund	15,573,278	-	(211,373)	12,492	-	15,374,397
	<u>15,573,278</u>	<u>21,736</u>	<u>(407,121)</u>	<u>15,225</u>	<u>-</u>	<u>15,203,118</u>
	<u>14,214,202</u>	<u>12,062,923</u>	<u>(12,956,338)</u>	<u>150,000</u>	<u>1,018,000</u>	<u>14,488,787</u>
Total of funds	<u>15,221,711</u>	<u>12,630,083</u>	<u>(13,384,058)</u>	<u>-</u>	<u>1,018,000</u>	<u>15,485,736</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,203,118	15,203,118
Current assets	996,950	433,515	-	1,430,465
Creditors due within one year	-	(372,846)	-	(372,846)
Provisions for liabilities and charges	-	(775,000)	-	(775,000)
	<u>996,950</u>	<u>(714,331)</u>	<u>15,203,118</u>	<u>15,485,737</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	15,374,397	15,374,397
Current assets	1,083,047	541,351	-	1,624,399
Creditors due within one year	-	(425,240)	-	(425,240)
Provisions for liabilities and charges	-	(1,110,000)	-	(1,110,000)
	<u>1,083,047</u>	<u>(993,889)</u>	<u>15,374,397</u>	<u>15,463,556</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(432,819)	(321,156)
Adjustment for:		
Depreciation charges	195,748	211,374
Dividends, interest and rents from investments	(2,672)	(3,036)
Decrease/(increase) in debtors	26,559	(85,950)
Decrease in creditors	(52,396)	(185,868)
Defined benefit pension scheme finance cost	120,000	100,000
Net cash used in operating activities	<u>(145,580)</u>	<u>(284,636)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,245,593	1,412,970
Total	<u>1,245,593</u>	<u>1,412,970</u>

20. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 August 2018 (2017:£Nil)

21. PENSION COMMITMENTS

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

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

Contributions amounting to £18,500 were payable to the schemes at 31 August 2018 (2017 - 16,306) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.

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21. PENSION COMMITMENTS (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £449,984 (2017 - £450,060).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £235,804 (2017 - £251,313), of which employer's contributions totalled £188,965 (2017 - £205,261) and employees' contributions totalled £46,839 (2017 - £46,052). The agreed contribution rates for future years are 20.4% for employers and 6.5% for employees.

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

London Borough of Bexley Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.40 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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21. PENSION COMMITMENTS (continued)

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

	2018	2017
Retiring today		
Males	23.1	23
Females	26.1	26
Retiring in 20 years		
Males	25.3	25.2
Females	28.4	28.3

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	700,000	1,025,000
Mortality assumption - 1 year increase	850,000	1,172,000
CPI rate +0.1%	852,000	1,174,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,408,000	1,864,000
Other Bonds	170,000	270,000
Government bonds	488,000	-
Other bonds	-	-
Property	388,000	329,000
Cash and other liquid assets	3,000	22,000
Other	1,003,000	617,000
Total market value of assets	3,460,000	3,102,000

The actual return on scheme assets was £144,000 (2017 - £330,000).

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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Net interest cost	24,000	30,000
Administration costs	7,000	8,000
Current service cost	278,000	180,000
	<u>309,000</u>	<u>218,000</u>
Total	<u>309,000</u>	<u>218,000</u>
Actual return on scheme assets	<u>144,000</u>	<u>330,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,212,000	4,205,000
Contributions by members	47,000	46,000
Interest cost	101,000	88,000
Actuarial gains	(387,000)	(405,000)
Benefits paid	(16,000)	9,000
Current service cost	278,000	269,000
	<u>4,235,000</u>	<u>4,212,000</u>
Closing defined benefit obligation	<u>4,235,000</u>	<u>4,212,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,102,000	2,632,000
Interest income	77,000	58,000
Employer contributions	189,000	205,000
Contributions by members	47,000	46,000
Benefits paid	(16,000)	9,000
Actuarial losses	68,000	158,000
Administration expenses	(7,000)	(6,000)
	<u>3,460,000</u>	<u>3,102,000</u>
Closing fair value of scheme assets	<u>3,460,000</u>	<u>3,102,000</u>

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22. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	6,544	1,253
Between 1 and 5 years	14,723	-
Total	<u>21,267</u>	<u>1,253</u>

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

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions during the year.

25. CONTROLLING PARTY

As the Academy is Limited by Guarantee there is no Ultimate Controlling Party.