Company Registration Number: 07980317 (England & Wales)

HILLCREST EARLY YEARS ACADEMY LIMITED

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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COMPANIES HOUSE

STREETS®

CHARTERED ACCOUNTANTS

CONTENTS

REFERENCE AND ADMINISTRATIVE DETAILS

Members	J McDonald W Grant (resigned 25 October 2018) G Day (appointed 1 September 2018) R Marshall (appointed 1 September 2018, resigned 26 August 2019) D Mitchell (appointed 1 September 2018) M Waring (appointed 1 September 2018, resigned 25 February 2019) I Waites
Trustees	D Mitchell B Farren, Vice chair of Board of Trustees L Lovelidge W Grant, Chair of Trustees (resigned 25 October 2018) K Simcox (resigned 14 February 2019) Z Thorpe J Jupp (resigned 4 September 2019) J McDonald, Headteacher and Accounting Officer S Neal I Waites, Chair of Board of Trustees S Skipper C Graves (resigned 25 September 2018) S Waring (resigned 1 February 2019) C Duncan (appointed 4 October 2018) V Cliffe (appointed 14 February 2019) P Steadman (appointed 21 March 2019) R Doran (appointed 4 October 2018, resigned 16 May 2019) G Day (appointed 4 October 2018) M Waring (appointed 4 October 2018, resigned 25 February 2019)
Company registered number	07980317
Company name	Hillcrest Early Years Academy Limited
Principal and registered office	Hillcrest Early Years Academy Limited Heapham Road Gainsborough Lincolnshire DN21 1SW
Senior management team	J McDonald, Executive Principal L Lovelidge, Princpal L McDonald, Vice Principal Z Thorpe, Senior Teacher
Independent auditors	Streets Audit LLP Tower House Lucy Tower Street Lincoln LN1 1XW

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers	Lloyds Bank PLC 2 Northgate Sleaford Lincolnshire NG34 7BL
Solicitors	Legal Services Lincolnshire 45-49 Newland Lincoln LN1 1XZ
Clerk to Governors	Kirsty Duncan
Internal Auditor	Audit Lincolnshire Room 5-03 Orchard House Orchard Street Lincoln LN1 1YL

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. 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 2 to 7 serving a catchment area in the uphill area of Gainsborough, Lincolnshire. It has a pupil capacity of 232 and had a roll of 229 on the school census in January 2018.

Structure, governance and management

a. Constitution

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Directors Report) Regulation 2013 is not required.

The academy is a charitable 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 Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Hillcrest Early Years Academy Limited are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Hillcrest Early Years Academy.

Details of the Trustees who served during the year, and to the date these accounts are approved 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. Trustees' indemnities

The Academy has granted an indemnity to one or more of its Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision has a limit of £5,000,000 and was at a cost of £45 (2018: £41).

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

Governors are sought from parents or the community as and when a vacancy arises. Prospective Governors meet with the Principal and Chair of Governors. They undertake a tour of the school and meet to be asked about their skill set and the reasons for seeking to become a Governor.

The Board of Trustees normally meets up to six times each year, with its Principal and appropriate advisers, to agree plans, programmes and budgets; agree and review policies; and to monitor progress and review performance. The Board met formally five times during the period.

The Board sets the budgets within which the Academy operates. Policies are decided or ratified by the Board. The Board itself monitors the corporate income and expenditure against the agreed budgets to enable control of finance. They have ensured that systems are in place, including operational procedures in order to minimise risk.

e. Policies adopted for the induction and training of Governors

There is no formally agreed induction programme for newly appointed Trustees at present though the Principal and Chair spend time with new Trustees in order to inform them fully of the workings of the Trust and their responsibilities. The induction provided will depend on the new Trustee's existing experience, and where necessary will include training on charity and educational legal and financial matters. All new trustees are given a tour of the academy and the chance to meet with staff and students, and are also provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as a Trustee. A very clear handbook has now been put in place to help directors and governors understand the strategic nature of their role and how these work with the Executive Principal and Principal. As there is normally expected to be only a small number of new trustees each year, induction tends to be done informally and is tailored specifically to the individual.

Structure, governance and management (continued)

f. Organisational structure

The Board of Governors has devolved certain activities to sub committees with responsibility for the day to day control of these aspects of the Academy operations. These are set out below, with details of their membership and a précis of their terms of reference (italicised).

Finance and General Purposes Committee - Mr L Lovelidge, Mrs B Farren(Chair), Mrs D Mitchell, Miss V Cliffe, Mrs J McDonald, Mr R Marshall
"to ensure that the Academy complies with all financial legislation and standards of best practice, and to monitor ongoing financial and related performance and practices against these standards."

Health and Safety Committee - G.Goodall, Mr L Lovelidge and Mr C Duncan
'"... to advise the Principal and board of trustees on matters concerning the Health, Safety and Welfare within the school, in particular, to formulate health & safety policies and planning for the school and to review health & safety processes and procedures......"

Performance Management Committee - Mr W Grant, Mrs B Farren, Mr R Marshall
"to meet with the External Adviser (SIP) and discuss the Headteacher's performance targets, to decide, with the support of the External Adviser (SIP), whether the targets have been met, to set and agree new targets annually and to monitor through the year the performance of the Headteacher against these targets"

Complaints Committee - Mrs J McDonald, Mrs B Farren, Miss Z Thorpe
"to meet to discuss and deal with any complaint or grievance on an ad hoc basis. The complaints committee met once to deal with one staff disciplinary. The committee sought help from Judicium legal services as part of their annual buy back scheme."

"We confirm that the Responsible Officer (RO) function has been fully delivered by Audit Lincolnshire, in line with the requirements of the Financial Handbook. The issues identified have been addressed and formed part of the RO Report, which was forwarded to The Chair of Trustees."

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

Pay Policy for teachers and non teaching staff, the criteria has been agreed with both staff and Trustees, this fully links in to the performance management process with no increment given unless performance has met or exceeded target. The trustees have introduced a clear expenses and gifts policy.

h. Related parties and other connected charities and organisations

We have worked with GAPA (Gainsborough Area Play association) over the last year.

Objectives and activities

a. Principal Objectives, Activities and Aims

The Principal activity of the Trust, as set out in its articles of association and funding agreement with the Secretary of State is the operation of Hillcrest Early Years Academy ("The Academy") to provide education for pupils of different abilities between the ages of 2 and 7.

The main objectives of the Academy during the period ended 31st August 2019 are summarised below:

- At our Academy, everybody is special and important.
- We want the children in our care to develop a love of learning for life.
- We believe the starting point for a child's education is what they can do, not what they cannot do.
- We ensure a high standard of education is delivered where children are challenged and encouraged to meet their full potential.
- We want all our children to develop a sense of pride in their achievements.
- We all work as part of a team which includes the children, the staff, parents and Trustees where everyone is respected for their opinions and beliefs.
- We will develop the education of your child in partnership with your family and the wider community.

b. Public benefit

The Trustees have reviewed the objectives and activities of the Charity as detailed above and are satisfied that they are for the public benefit as detailed in the Charity Commission guidance note on this subject.

Achievements and performance

a. Key performance indicators

The academic performance throughout the 2018/2019 academic year was consistently strong (see below) and above national averages in terms of most nationally tested attainment. These results continue to confirm a five year upward trend and represent the strongest end of KS1 assessment results yet achieved by the Academy.

Foundation Stage Results 2018/19

Prime Learning Goals	Emerging	Achieving expected or Exceeding across both ELGS
Communication & Language	16%	84%
Physical Development	19%	81%
PSED	14%	86%
Specific Learning Goals	19%	81%
Literacy	19%	81%
Mathematics	16%	84%
Understanding the World	7%	93%
Expressive Art and design	9%	91%

Good Level of Development	School	Lincolnshire	National
GLD (Achieving 2+ in the first 5 AOLs)	79%	69%	70%
All Learning Goals (Expected and Expecting)	79%	69%	71%

Achievements and performance (continued)

Year 1 Phonics Trend Results	**2017(61)**	**2018(61)**	**2019(61)**
Working at the standard	87%	93%	90%
Average Phonics Mark	34.3	36.4	33.1

Key Stage 1 Results 2018/2019	**Working towards the standard**	**Working at the standard**	**Working at greater depth**
Reading	16%	84%	40%
Writing	22%	78%	29%
Maths	16%	84%	36%
RWM combined	28%	72%	29%

Pupil numbers are rising at a significant rate especially in the Nursery. We are heavily oversubscribed and continue to hold a waiting list for all year groups.

Our Academy continues to make excellent progress following it's outstanding OFSTED judgement in 2014. Gaps for all groups of pupils have been closed and this has enabled us to be very creative with our pupil premium money, we continue to run the separate class for our lower learners and those with emotional and behavioral needs. We now take on excluded pupils from other settings and transform their early learning journey. An new individual, broad and balanced curriculum with lots of support gives these children chance to develop and learn and their results after a very low start allows the gaps to close. Combining a top slice of the pupil premium with sports premium has meant that all our children have again benefitted from a programme of challenging and character building sports and activities and widens opportunities for all. This gives all our pupils great chances to gain wide learning experiences. They highlighted our strong leadership, teaching and learning which are being delivered on a daily basis. This was reflected as our Principal was in the top 8 principals/headteachers in the country at the 2018 TES awards in June. The main evidence of all this is that all groups of children within our school are all achieving equally well. We have also gained the ALFE PE distinction mark for PE. This is the highest award given for excellence in PE. Our assistant headteacher, Miss McDonald won a silver Pearson award for Teacher of the Year in June 2018.

Throughout a series of internal inspections including peer review in Lincolnshire, the academy has continued to place a high value on the richness of the curriculum and the broad range of opportunities offered to pupils. The children have continued to benefit from an active curriculum offered within the Academy's grounds, in and around Gainsborough and further afield. Staff go the extra mile by offering wonderful first hand experience learning opportunities within our new developing exciting curriculum. We have very successful before and after school clubs and provide very personalized learning for all pupils which includes intervention when needed.
The Academy continues to review policies against an agreed review timetable and key policies are made available through the school's website. Similarly, information relating to the use of sports and pupil premium is also posted on the website.

We have been working on raising the profile of our academy and have a very vibrant and successful Twitter account which logs all our classes activities on a daily basis. We can be found @gainshillcrest.We have created some new vibrant and lively assemblies which have targeted areas of the curriculum which needed a boost which was spelling and arithmetic. The staff created a character called the Junglemaster and he features in weekly spelling assemblies which challenges our pupils to win prizes in return for excellent spelling skills. The Junglemaster and his side kick Keef, have also made a series of phonics spelling videos which have gone viral across schools all over the country. This has resulted in our staff going out to visit other schools and furthering their professional development through collaboration.

Achievements and performance (continued)

Much of the Academy's CPD which is targeted on key development objectives is now school based. This allows key messages to be shared and changes implemented on a consistent basis. However, a small number of off site training opportunities are utilised when specific updates are needed and this information is subsequently shared at whole school level

Over the last two years, we have taken on a local nursery and turned this around into an over subscribed nursery where we have a waiting list. We now take on pupils who are 2 and over and give them a better start to their educational life by giving them extended opportunities for learning. We have employed 7 extra members of staff who we have internally trained to the standards we expect at Hillcrest.

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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.

Financial review

a. Financial Review

Most of the Academy's income is obtained from the ESFA (Education Skills Funding Agency) in the form of the General Annual Grant ("GAG" Funding) the use of which is restricted to particular purposes. The grants received from the ESFA during the period reported on and the associated expenditure is shown as restricted funds in the statement of financial activities.
It should be noted that while the pension funds according to the balance sheet are in deficit, the extent of the deficit is exceeded by other restricted funds, and although the trustees have agreed to make provision against the possible crystallisation of the liability, parliament has agreed, at the request of the Secretary of State for education, to a guarantee that in the event of an academy closure outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18th July 2013.

We are continuing to work with the new financial account system called SAGE after having the staff confidence to break the old LA accountancy support. This is having the effect of making our system more efficient and we are now much more confident and independent with the help of our accountants. New reports have been developed to ensure that all end of month budget figures are more accessible and easier to interpret by both trustees and senior staff.

b. Reserves policy

The Trustees have reviewed the Academy's requirements for reserves in the light of the main risks to the organisation. This review also encompassed the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trustees have determined that the appropriate level of "free" reserves i.e. unrestricted funds held not committed or invested in tangible fixed assets should not fall below £50,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of restricted and unrestricted general reserves (excluding pension reserve) is £122,211, this is as a result of an in year deficit in these funds during the year totalling £169,836. The Trustees will review the reserve levels annually.

c. Investment policy

Should the level of free cash reserves held by the Academy exceed that which is necessary to service its ongoing working capital needs, the Trustees, with reference to the short and longer term forecasts will consider investment of any excess funds over an appropriate period, to maximise the return on any such surplus funds, while ensuring that risk is avoided insofar as is possible.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Financial review (continued)

d. Principal risks and uncertainties

Risk Management
The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas and in relation to the control of finances to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trustees are confident that the Academy has an effective system of internal financial controls and this is explained in more detail in a separate section. While there is no formal risk management group The governors decided that an extra layer of governance would be implemented going from September 2018 to manage the two sites. These are known as the directors. They will assume the responsibility of assessing risk and auditing decisions made by the local governing body.

The Academy has carried out an extensive risk assessment based on the ESFA model, and is due to be reviewed in 2018/2019 by the new directors. The risks are categorised into various headings to permit us to analyse in detail specific risks.

The predominant risks are given below.

Strategic and Reputation Risks

(a) Competition risk
We have identified that we need to remain focused on our reputation within the local community to ensure future children see the Academy as a great learning establishment. We strive and indeed maintain a healthy presence in the community and our whole school results, year in results and interaction with the local community remain a major focus. One area which is uncertain is the future of a standalone academy with two nurseries and as government policies are changing and may even be a change of government. As an outstanding Academy we are looking to develop our local nursery offer in order to survive. We are thriving at present with healthy reserves and wonderful results but if government policy changes, then we could find ourselves vulnerable.

(b) Public profile risk
Failure to comply with statutory Health and Safety legislation. The "Human Factor" can never be eliminated, however the academy has an active H&S culture in place that extends from the children, staff, Trustees members and public. The Academy retains external advisors who can advise when necessary on H&S matters. The seeking of specialist advice should be used when major decisions to legislation are made

(c) Board of Trustees Risk
The Trustees have appointed the firm of lawyers, Judicium to cover all aspects of human resources and general legal matters to ensure compliance

(d) Operation Risk
Computers and data could be lost. We have an excellent insurance policy that will ensure the academy can reopen within two days following a critical incident and data retrieved from external servers. Failure to comply with statutory GDPR legislation is a going concern. The academies have employed an external company to support with this. The DPO takes responsibility for all data protection policies and they ensure all staff are well trained so the academies remain compliant.

Our new combined SDP/SEF has very clear priorities for the academy's future developments. We have updated our risk management plan to incorporate all these prioties and have risked assessed each one to show how their loss would impact on our academy in detail. This can be accessed on our website.

Fundraising

Our approach to fundraising is very small. We do not work with private/professional fundraisers who either work for a charity or work for us on our behalf.

We only support 4 charities which are linked to our 4 houses in our academy. We fund raise for these twice a year and send approx. £100 a year to each. We also fundraise for our academy by way of a Christmas fair which includes a raffle and tombola and we raised £1000 in 2018. If anyone wishes to complain about any of our fundraising activities, then they are steered to use the complaints policy and it will be dealt with through the various stages of the policy.

The Trustees monitor our fundraising and ensure that we only support our 4 named charities and our academy. They are very aware of how challenged our community is with money and life chances so do not allow for major fundraising which would not relate to our community.

Plans for future periods

The Academy continues to deliver an exciting programme of activities making the most of both its pupil premium and sports premium grants. The results for the Academy have been well above average for a number of years, with the five year trend continuing to move in a positive direction. This can be evidenced in our latest ISDR. All our data now presents a five year outstanding profile. We are now teaching to the new national curriculum in Maths and English so our pupils will meet the higher expectations and challenges required at the end of KS1. Our results in the Key stage one tests are amazing and outstripped National and local scores in the first three years and had 39% greater depth in maths and reading.

Children enter the nursery at low starting point however due to the changes that we have made to the nursery, all pupils are reception ready and the majority excel with their learning. This has gone so well that we are going to start looking at further nurseries we can take over and improve and also develop our own site to extend our nursery offer to include 0 to 4 year olds. Our funding agreement reflects this new change and from December 2019, all two year olds will be educated on the main site.

We plan to develop and identify and nurture the talents of potential future leaders within our staff team. This will ensure the leadership succession going forward. At Hillcrest, we continue to grow our own.

All these measures have been included to ensure that we give our children the very best education we can offer and strive to improve their levels of performance in all areas of their learning. They will also provide excellent CPD for our staff.

Funds held as custodian on behalf of others

There are no funds held by the academy as custodian trustee or on behalf of others.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report was approved by order of the board of Trustees, as the company directors, on 21 November 2019 and signed on its behalf by:

B Farren
Chair of Finance Committee

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the 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 Hillcrest Early Years Academy Limited and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report. The board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Mitchell	0	0
B Farren, Vice chair of Board of Trustees	4	6
L Lovelidge	6	6
W Grant, Chair of Trustees	1	1
K Simcox	2	6
Z Thorpe	6	6
J Jupp	4	6
J McDonald, Headteacher and Accounting Officer	0	0
S Neal	6	6
I Waites, Chair of Board of Trustees	6	6
S Skipper	5	6
C Graves	0	0
S Waring	2	6
C Duncan	5	6
V Cliffe	3	6
P Steadman	0	0
R Doran	3	6
G Day	0	0
M Waring	0	0

The Finance and General Purposes Committee is a sub-committee of the main board of Trustees. Its purpose is to support the Accounting Officer in her day to day running of the financial affairs of the Academy and to oversee it's systems of internal control.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
D Mitchell	5	6
J McDonald	6	6
L Lovelidge	6	6

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

W Grant	1	1
B Farren	4	6
K Simcox	2	6
S Neal	0	0
V Cliffe	3	6

There were 5 independent members meetings in the year.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
D Mitchell	5	5
I Waites	5	5
M Waring	2	5
R Marshall	4	5
G Day	4	5
J McDonald	5	5
L Lovelidge	3	5

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 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 appropriate. The accounting officer for the academy has delivered improved value for money during the year by:

Teaching and Learning

Our results in 2019 remain above national and local data. Trustees and school leaders review the quality of teaching and learning throughout the Academy. The emphasis of expectation is that outstanding teaching and learning is delivered at all times by all staff. This was evidenced by outstanding judgement in October 2014. Our revised teachers' pay policy reflects this. Trustees and senior staff have noted that this work has paid off as our latest ISDR does not show any underperformance in groups of pupils in KS1. This is the fourth year we have achieved this. Everyone takes part in pupil review meetings to ensure that every child is performing to their best and intervention paid for out of the Pupil premium money is quickly given to stop any gap forming. Our SEND class funded through pupil premium is allowing this work to continue further with the smaller class meeting our most challenging pupil's needs. This approach has enabled learning to take place in every lesson and no exclusions to occur over the last three year period. All teaching and learning in lessons build on previous learning and has high expectations of their achievement. Staff go the extra mile to ensure all our pupils are happy and pupils that are under the care of social services have extra support in a morning so they can be helped to get ready to learn. Our pupils and parents are very happy with the way the Academy provides family support and gives them the wrap around care needed to get our pupils ready to learn well. Evidence that shows this approach is working can be seen in our results and our feedback form regular parental surveys.

Reviewing suppliers

We are continuing to review of external suppliers to ensure we get value for money. We are coming to the final

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

year of three year contracts so the SBM and the Principal are meeting with suppliers to discuss the rolling contracts and give feedback on suppliers services. As part of this review, we are looking at suppliers other academies use and finding out from them about the quality of work delivered to them. We are changing and tweaking contracts to ensure that our academy secures value for money in all areas. An example of this was looking at suppliers of dining tables and we visited other academies to see who they used and the quality of products purchased. We also visited the academies show to look at insurance suppliers for staff sickness to ensure we got this right as these are very expensive insurances. More update work is being carried out on our ICT systems to update the server to ensure all computers continue to run smoothly.

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 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 Hillcrest Early Years Academy Limited for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes 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 Trustees has considered the need for a specific internal audit function and has decided to appoint Audit Lincolnshire 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:

Testing of the approval of the 2018/19 budget
Testing of the purchase systems
Testing of the purchase systems at the Academy
Testing of the VAT returns
Testing of control account / bank reconciliations
Testing of monthly payroll systems
Testing of the appointment of staff

On an annual basis, the internal auditor reports to the board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal audit took place at the academy during the summer term as scheduled in previous years. The Audit took place over two days and the report was produced in a timely manner.

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

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

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 21 November 2019 and signed on their behalf by:

B Farren
Chair of Finance Committee

J McDonald
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hillcrest Early Years Academy Limited I have considered my responsibility to notify the academy 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, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

J McDonald
Accounting Officer
Date: 21/11/2019

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HILLCREST EARLY YEARS ACADEMY LIMITED

Opinion

We have audited the financial statements of Hillcrest Early Years Academy Limited (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, 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 2018 to 2019 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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HILLCREST EARLY YEARS ACADEMY LIMITED (CONTINUED)

Other information

The Trustees 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. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HILLCREST EARLY YEARS ACADEMY LIMITED (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

LLord

Linda Lord BSc BFP FCA TEP (Senior Statutory Auditor)

for and on behalf of
Streets Audit LLP

Tower House

Lucy Tower Street

Lincoln

LN1 1XW

13 December 2019

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST EARLY YEARS ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated [enter date here] and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillcrest Early Years Academy Limited during the year 1 September 2018 to 31 August 2019 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 Hillcrest Early Years Academy Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hillcrest Early Years Academy Limited 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 Hillcrest Early Years Academy Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hillcrest Early Years Academy Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hillcrest Early Years Academy Limited's funding agreement with the Secretary of State for Education dated [enter date here] and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST EARLY YEARS ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

L Lord

Linda Lord BSc BFP FCA TEP

Streets Audit LLP

Date: 13 December 2019

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	*Total funds 2018 £*
Income from:						
Donations and capital grants	3	3,220	-	16,265	19,485	*10,824*
Charitable activities		300	1,215,487	-	1,215,787	*1,192,563*
Other trading activities		36,447	-	-	36,447	*35,426*
Investments	6	110	-	-	110	*166*
Total income		40,077	1,215,487	16,265	1,271,829	*1,238,979*
Expenditure on:						
Charitable activities	8	13,714	1,441,784	53,167	1,508,665	*1,380,275*
Total expenditure		13,714	1,441,784	53,167	1,508,665	*1,380,275*
Net movement in funds before other recognised gains/(losses)		26,363	(226,297)	(36,902)	(236,836)	*(141,296)*
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(190,000)	-	(190,000)	*91,000*
Net movement in funds		26,363	(416,297)	(36,902)	(426,836)	*(50,296)*
Reconciliation of funds:						
Total funds brought forward		67,173	(162,028)	1,486,538	1,391,683	*1,441,979*
Net movement in funds		26,363	(416,297)	(36,902)	(426,836)	*(50,296)*
Total funds carried forward		93,536	(578,325)	1,449,636	964,847	*1,391,683*

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 29 to 52 form part of these financial statements.

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	14		1,437,622		1,486,538
			1,437,622		1,486,538
Current assets					
Debtors	15	48,079		44,290	
Cash at bank and in hand		131,942		272,308	
		180,021		316,598	
Creditors: amounts falling due within one year	16	(45,796)		(61,453)	
Net current assets			134,225		255,145
Total assets less current liabilities			1,571,847		1,741,683
Net assets excluding pension liability			1,571,847		1,741,683
Defined benefit pension scheme liability	22		(607,000)		(350,000)
Total net assets			964,847		1,391,683
Funds of the academy					
Restricted funds:					
Fixed asset funds	17	1,449,636		1,486,538	
Restricted income funds	17	28,675		187,972	
Restricted funds excluding pension asset	17	1,478,311		1,674,510	
Pension reserve	17	(607,000)		(350,000)	
Total restricted funds	17		871,311		1,324,510
Unrestricted income funds	17		93,536		67,173
Total funds			964,847		1,391,683

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 25 to 52 were approved by the Trustees, and authorised for issue on 21 November 2019 and are signed on their behalf, by:

B Farren **J McDonald**

Chair of Finance Committee

The notes on pages 29 to 52 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	*2018* *£*
Cash flows from operating activities			
Net cash used in operating activities	19	**(144,473)**	*(28,452)*
Cash flows from investing activities	20	**4,107**	*(46,094)*
Change in cash and cash equivalents in the year		**(140,366)**	*(74,546)*
Cash and cash equivalents at the beginning of the year		**272,308**	*346,854*
Cash and cash equivalents at the end of the year	21	**131,942**	*272,308*

The notes on pages 29 to 52 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hillcrest Early Years Academy Limited meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the academy 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 year for which it is receivable and any abatement in respect of the year 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

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 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.

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

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold property	- 0.8% straight line
Computer equipment	- 20% 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 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.

1.8 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.

1.9 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 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.

1.10 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 bases are as follows:

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

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

1. Accounting policies (continued)

1.11 Pensions

The academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the academy to the fund in respect of the year.

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

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. 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 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 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.

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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, gains and losses are allocated to the appropriate fund.

2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2019. 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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	**Restricted fixed asset funds 2019 £**	**Total funds 2019 £**
Donations	3,220	-	**3,220**
Grants	-	16,265	**16,265**
	3,220	16,265	**19,485**

	Unrestricted funds 2018 £	*Restricted fixed asset funds 2018 £*	*Total funds 2018 £*
Donations	*4,500*	*-*	*4,500*
Grants	*-*	*6,324*	*6,324*
	4,500	*6,324*	*10,824*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	770,973	**770,973**
Pupil Premium	-	112,945	**112,945**
Local Authority Grants	-	272,958	**272,958**
Other DfE/EFA Grants	-	58,611	**58,611**
Other Income	300	-	**300**
Total 2019	300	1,215,487	**1,215,787**

	Unrestricted funds 2018 £	*Restricted funds 2018 £*	*Total funds 2018 £*
DfE/ESFA grants			
General Annual Grant (GAG)	-	*756,219*	*756,219*
Pupil Premium	-	*108,640*	*108,640*
Local Authority Grants	-	*266,501*	*266,501*
Other DfE/EFA Grants	-	*56,044*	*56,044*
Other Income	*5,159*	-	*5,159*
Total 2018	*5,159*	*1,187,404*	*1,192,563*

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	*Total funds 2018 £*
Fundraising 1	36,447	**36,447**	*35,426*
Total 2019	36,447	**36,447**	*35,426*

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	*Total funds 2018 £*
Investment income - local cash	110	**110**	*166*
Total 2019	110	**110**	*166*

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational operations				
Direct costs	849,019	-	106,932	**955,951**
Allocated support costs	251,770	114,935	186,009	**552,714**
Total 2019	1,100,789	114,935	292,941	**1,508,665**

	Staff Costs 2018 £	*Premises 2018 £*	*Other 2018 £*	*Total 2018 £*
Educational operations				
Direct costs	*767,873*	-	*112,478*	*880,351*
Allocated support costs	*244,083*	*69,000*	*186,841*	*499,924*
Total 2018	*1,011,956*	*69,000*	*299,319*	*1,380,275*

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	**Restricted funds 2019 £**	**Total funds 2019 £**
Educational operations	13,714	1,494,951	**1,508,665**

	Unrestricted funds 2018 £	*Restricted funds 2018 £*	*Total funds 2018 £*
Educational operations	*11,360*	*1,368,915*	*1,380,275*
Total 2018	*11,360*	*1,368,915*	*1,380,275*

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	**Support costs 2019 £**	**Total funds 2019 £**
Educational operations	955,951	552,714	**1,508,665**
Total 2019	955,951	552,714	**1,508,665**

	Activities undertaken directly 2018 £	*Support costs 2018 £*	*Total funds 2018 £*
Educational operations	*880,351*	*499,924*	*1,380,275*
Total 2018	*880,351*	*499,924*	*1,380,275*

9. **Analysis of expenditure by activities (continued)**

Analysis of direct costs

	Educational Activities 2019 £	Total funds 2019 £	*Total funds 2018 £*
Staff costs	849,019	**849,019**	*767,873*
Educational Supplies	47,644	**47,644**	*33,698*
Staff Development	10,401	**10,401**	*7,696*
Other Direct costs	48,887	**48,887**	*71,084*
Total 2019	955,951	**955,951**	*880,351*

Analysis of support costs

	Educational Activities 2019 £	Total funds 2019 £	*Total funds 2018 £*
Pension income	10,000	**10,000**	*10,000*
Staff costs	251,770	**251,770**	*244,083*
Depreciation	53,167	**53,167**	*48,562*
Catering	57,892	**57,892**	*67,939*
Academy Trips	15,393	**15,393**	*14,805*
Maintenance of Premises and Equipment	80,795	**80,795**	*40,531*
Rent and Rates	4,369	**4,369**	*4,819*
Heat & Light	9,170	**9,170**	*10,466*
Insurance	20,601	**20,601**	*14,134*
Other support costs	49,403	**49,403**	*44,412*
Bank charges	154	**154**	*173*
Total 2019	552,714	**552,714**	*499,924*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	5,583	5,228
Fees paid to auditors for:		
- audit	3,000	3,000
- other services	3,000	3,000

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	851,317	769,581
Social security costs	71,196	57,921
Pension costs	177,276	184,454
	1,099,789	1,011,956
Staff restructuring costs	1,000	-
	1,100,789	1,011,956

b. Non-statutory/non-contractual staff severance payments

Included in staff restructing costs are non-statutory/non-contractual staff severance payments totalling £1,000 were made paid to 1 member of staff (2018: £nil).

11. Staff costs (continued)

c. Staff numbers

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

	2019 No.	*2018 No.*
Teachers	12	*11*
Administration and support	37	*33*
Management	2	*2*
GAPA	10	*6*
	61	*52*

d. Higher paid staff

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

	2019 No.	*2018 No.*
In the band £70,001 - £80,000	1	*-*
In the band £80,001 - £90,000	-	*1*

e. Key management personnel

The key management personnel of the academy comprise the governors and senior management team as listed on page 1. The total amount of employee benefits (inlcuding employer pension contributions) received by key management personnel for their services to the academy trust was £236,360 (2018: £269,434).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	*2018*
		£	*£*
J McDonald, Headteacher and Accounting Officer	Remuneration	**70,000 - 75,000**	*70,000 - 75,000*
	Pension contributions paid	**10,000 - 15,000**	*10,000 - 15,000*
L Lovelidge	Remuneration	**45,000 - 50,000**	*45,000 - 50,000*
	Pension contributions paid	**5,000 - 10,000**	*5,000 - 10,000*
Z Thorpe	Remuneration	**35,000 - 40,000**	*30,000 - 35,000*
	Pension contributions paid	**5,000 - 10,000**	*5,000 - 10,000*
S Waring (appointed 16 November 2017)	Remuneration	**10,000 - 15,000**	*0 - 5,000*
	Pension contributions paid	**0 - 5,000**	*0 - 5,000*
S Skipper (appointed 16 November 2017)	Remuneration	**10,000 - 15,000**	*10,000 - 15,000*
	Pension contributions paid	**0 - 5,000**	*0 - 5,000*

During the year ended 31 August 2019, no Trustee expenses have been incurred *(2018 - £NIL)*.

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £45 *(2018 - £37)*. The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	1,423,450	178,352	47,943	1,649,745
Additions	-	4,250	-	4,250
At 31 August 2019	1,423,450	182,602	47,943	1,653,995
Depreciation				
At 1 September 2018	54,705	73,261	35,241	163,207
Charge for the year	11,388	32,982	8,796	53,166
At 31 August 2019	66,093	106,243	44,037	216,373
Net book value				
At 31 August 2019	1,357,357	76,359	3,906	1,437,622
At 31 August 2018	*1,368,745*	*105,091*	*12,702*	*1,486,538*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Debtors

	2019 £	*2018 £*
Due within one year		
Trade debtors	**900**	*-*
Other debtors	**9,812**	*10,088*
Prepayments and accrued income	**37,367**	*34,202*
	48,079	*44,290*

16. Creditors: Amounts falling due within one year

	2019 £	*2018 £*
Trade creditors	**16,178**	*28,199*
Accruals and deferred income	**29,618**	*33,254*
Other unallocated	**-**	**-**
	45,796	*61,453*

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	67,173	40,077	(13,714)	-	-	93,536
Restricted general funds						
General Annual Grant (GAG)	169,361	770,973	(930,850)	-	-	9,484
Pupil Premium	18,610	112,945	(112,365)	-	-	19,190
Other ESFA	-	58,611	(58,611)	-	-	-
Local Authority	-	272,958	(272,958)	-	-	-
School Fund	1	-	-	-	-	1
Pension reserve	(350,000)	-	(67,000)	-	(190,000)	(607,000)
	(162,028)	1,215,487	(1,441,784)	-	(190,000)	(578,325)
Restricted fixed asset funds						
Assets transferred on conversion	1,089,000	-	-	-	-	1,089,000
Purchased tangible fixed assets	397,538	-	(53,167)	4,250	-	348,621
DFC	-	16,265	-	(4,250)	-	12,015
	1,486,538	16,265	(53,167)	-	-	1,449,636
Total Restricted funds	1,324,510	1,231,752	(1,494,951)	-	(190,000)	871,311
Total funds	1,391,683	1,271,829	(1,508,665)	-	(190,000)	964,847

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

17. Statement of funds (continued)

Unrestricted funds:

General funds- those resources which may be used towards meeting any of the objects of the academy at the discretion of the governors. These include school clubs income, trip income not funding by the school fund, toddler groups and letting. These have not been designated for particular purposes.

Restricted funds:

General Annual Grant (GAG) - made up of a number of different funding streams from the ESFA, all of which are to be used to cover the running costs of the academy.

Pupil Premium - pupil premium grant received from the ESFA for disadvantaged children.

Other ESFA grants - represents EFA grants received for a specific purpose. Included in Other ESFA grants is grants recieved for PE & Sports and income recieved in respect of universal free school meals.

Other Government Grants - represent grants from other government bodies that are received for a specific purpose. Included in other Governmment grants is a grant received in respect of Early Years Single Funding.

Other Restricted Funds - represent other income received which must be used for specific purposes intended.

Restricted Fixed Asset Funds:

Purchased Tangible Fixed Assets - represents the net book value of fixed assets acquired using GAG income, Local Authority Grants and DFC grants from the EFA.

Devolved Formula Capital (DFC) - Represents unspent grants received for which the specific purpose of capital expenditure has imposed by the funder.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

17. Statement of funds (continued)

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

	Balance at 1 September 2017 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 August 2018* £
Unrestricted funds					
General Funds	*37,782*	*40,751*	*(11,360)*	-	*67,173*
Restricted general funds					
General Annual Grant (GAG)	*245,940*	*756,219*	*(800,844)*	-	*169,361*
Pupil Premium	*33,876*	*108,640*	*(114,099)*	-	*18,610*
Other ESFA	*3,865*	*56,044*	*(59,909)*	-	-
Local Authority	-	*266,501*	*(266,501)*	-	-
School Fund	*1*	-	-	-	*1*
Other restricted grants	-	*4,500*	-	-	-
Pension reserve	*(362,000)*	-	*(79,000)*	*91,000*	*(350,000)*
	(78,318)	1,191,904	(1,320,353)	*91,000*	*(162,028)*
Restricted fixed asset funds					
Assets transferred on conversion	*1,089,000*	-	-	-	*1,089,000*
Purchased tangible fixed assets	*393,515*	-	*(48,562)*	-	*397,538*
DFC	-	*6,324*	-	-	-
	1,482,515	6,324	(48,562)	-	*1,486,538*
Total Restricted funds	*1,404,197*	*1,198,228*	*(1,368,915)*	*91,000*	*1,324,510*
Total funds	*1,441,979*	*1,238,979*	*(1,380,275)*	*91,000*	*1,391,683*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	1,437,622	**1,437,622**
Current assets	93,545	74,462	12,014	**180,021**
Creditors due within one year	(9)	(45,787)	-	**(45,796)**
Provisions for liabilities and charges	-	(607,000)	-	**(607,000)**
Total	93,536	(578,325)	1,449,636	**964,847**

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	*Restricted funds 2018 £*	*Restricted fixed asset funds 2018 £*	*Total funds 2018 £*
Tangible fixed assets	-	-	1,486,538	*1,486,538*
Current assets	67,173	249,425	-	*316,598*
Creditors due within one year	-	(61,453)	-	*(61,453)*
Provisions for liabilities and charges	-	(350,000)	-	*(350,000)*
Total	67,173	(162,028)	1,486,538	*1,391,683*

19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	*2018* *£*
Net expenditure for the year (as per Statement of Financial Activities)	**(236,836)**	*(141,296)*
Adjustments for:		
Depreciation	**53,166**	*48,562*
Capital grants from DfE and other capital income	**(8,247)**	*(6,324)*
Interest receivable	**(110)**	*(166)*
Defined benefit pension scheme cost less contributions payable	**10,000**	*11,000*
Defined benefit pension scheme finance cost	**57,000**	*68,000*
Increase in debtors	**(3,789)**	*(3,048)*
Decrease in creditors	**(15,657)**	*(5,180)*
Net cash used in operating activities	**(144,473)**	*(28,452)*

20. Cash flows from investing activities

	2019 £	*2018* *£*
Dividends, interest and rents from investments	**110**	*166*
Purchase of tangible fixed assets	**(4,250)**	*(52,584)*
Capital grants from DfE Group	**8,247**	*6,324*
Net cash provided by/(used in) investing activities	**4,107**	*(46,094)*

21. Analysis of cash and cash equivalents

	2019 £	*2018* *£*
Cash in hand	**131,942**	*272,308*
Total cash and cash equivalents	**131,942**	*272,308*

22. Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' 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 Lincolnshire County Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

22. Pension commitments (continued)

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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £68,000 *(2018 - £64,000)*.

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 has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £79,000 *(2018 - £64,000)*, of which employer's contributions totalled £61,000 *(2018 - £48,000)* and employees' contributions totalled £ 18,000 *(2018 - £16,000)*. The agreed contribution rates for future years are 17.1 per cent for employers and varying per cent for employees.

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

Principal actuarial assumptions

	2019	*2018*
	%	*%*
Rate of increase in salaries	**2.70**	*2.80*
Rate of increase for pensions in payment/inflation	**2.30**	*2.40*
Discount rate for scheme liabilities	**1.80**	*2.80*

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

	2019	*2018*
	Years	*Years*
Retiring today		
Males	**21.2**	*22.1*
Females	**23.5**	*22.4*
Retiring in 20 years		
Males	**22.5**	*24.1*
Females	**25.2**	*26.6*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate -0.5%	177,000	115,000
Salary Increase rate +0.5%	8,000	7,000
Pension increase rate +0.5%	167,000	108,000

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	437,270	364,270
Corporate bonds	95,840	74,850
Property	59,900	54,890
Cash and other liquid assets	5,990	4,990
Total market value of assets	599,000	499,000

The actual return on scheme assets was £32,000 *(2018 - £34,000)*.

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(113,000)	(117,000)
Past service cost	(5,000)	-
Interest income	15,000	11,000
Interest cost	(25,000)	(21,000)
Total amount recognised in the Statement of Financial Activities	(128,000)	(127,000)

22. Pension commitments (continued)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	*2018* *£*
At 1 September	**849,000**	*774,000*
Transferred out on existing academies leaving the trust	**113,000**	*117,000*
Interest cost	**25,000**	*21,000*
Employee contributions	**18,000**	*16,000*
Actuarial losses/(gains)	**207,000**	*(68,000)*
Benefits paid	**(11,000)**	*(11,000)*
Past service costs	**5,000**	*-*
At 31 August	**1,206,000**	*849,000*

Changes in the fair value of the academy's share of scheme assets were as follows:

	2019 £	*2018* *£*
At 1 September	**499,000**	*412,000*
Interest income	**15,000**	*11,000*
Actuarial gains	**17,000**	*23,000*
Employer contributions	**61,000**	*48,000*
Employee contributions	**18,000**	*16,000*
Benefits paid	**(11,000)**	*(11,000)*
At 31 August	**599,000**	*499,000*

23. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	*2018* *£*
Not later than 1 year	**5,676**	*5,452*
Later than 1 year and not later than 5 years	**10,989**	*15,912*
	16,665	*21,364*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Members' liability

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

25. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustees has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The Trustees are aware of the relationship of mother and daughter between the Executive Principal and Miss Laura McDonald (Vice Principal) and are also aware of no issues giving rise to any conflict of interest or anything detracting from the individual professionalism of the two members of staff. The appointment was made following ordinary procedures and Miss McDonald's remuneration and benefits fall within a range of £45,001 - £50,000.