

**Company Registration Number: 07980317 (England & Wales)**

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**



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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	J McDonald G Day D Mitchell I Waites (resigned 6 January 2020) B Farren
<b>Trustees</b>	V Cliffe, Chair of Trustees B Farren, Vice chair of Board of Trustees J McDonald, Headteacher and Accounting Officer Z Thorpe, Vice Principal L McDonald, Vice Principal (appointed 30 January 2020) D Mitchell S Neal P Steadman G Day L Lovelidge (resigned 31 December 2019) C Duncan (resigned 5 October 2020) W Walter (appointed 1 September 2019) S Spencer (appointed 1 September 2019, resigned 5 October 2020) J Jupp (resigned 4 September 2019) I Waites (resigned 6 January 2020) S Skipper (resigned 5 October 2020) F Young (appointed 30 January 2020, resigned 31 January 2020)
<b>Company registered number</b>	07980317
<b>Company name</b>	Hillcrest Early Years Academy Limited
<b>Principal and registered office</b>	Hillcrest Early Years Academy Limited Heapham Road Gainsborough Lincolnshire DN21 1SW
<b>Senior management team</b>	J McDonald, Executive Principal L Lovelidge, Principal L McDonald, Vice Principal Z Thorpe, Senior Teacher
<b>Independent auditors</b>	Streets Audit LLP Tower House Lucy Tower Street Lincoln LN1 1XW

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 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. The cost of this insurance is not separately identifiable and is included in the total insurance cost.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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. Governors are asked to complete a register of their skills so we can ensure we have a balanced set of governors and adverts are posted asking for those particular skills.

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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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** - Mrs B Farren(Chair), Mrs D Mitchell, Miss V Cliffe, Mrs J McDonald, Mr G Day

*"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 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 G Day, Mrs B Farren, Miss D 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) for 4 months from September 2019 to December 2019 when we ended our association with them due to high rental costs and brought our two year old nursery on to our main site.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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 2020 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. We have not been able to post results for 2019/ 2020 due to the Covid pandemic. We do know from teacher assessment that our pupils would have performed very well and these standards would have remained high.

**a. Key performance indicators**

**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%



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Achievements and performance (continued)**

<b>Good Level of Development</b>	<b>School</b>	<b>Lincolnshire</b>	<b>National</b>
GLD (Achieving 2+ in the first 5 AOLs)	79%	69%	70%
All Learning Goals (Expected and Expecting)	79%	69%	71%
<b>Year 1 Phonics Trend Results</b>	<b>2017(61)</b>	<b>2018(61)</b>	<b>2019(61)</b>
Working at the standard	87%	93%	90%
Average Phonics Mark	34.3	36.4	33.1
<b>Key Stage 1 Results 2018/2019</b>	<b>Working towards the standard</b>	<b>Working at the standard</b>	<b>Working at greater depth</b>
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 two year old nursery which was formally Hillcrest at GAPA is now called Hillcrest Hoppers and is going very well and is proving popular with parents. We have increased the staffing in this group to allow us to offer more half day sessions. Staff who now lead this group are highly qualified and a more formal approach has been adopted. Our main nursery is able to see the difference these changes have made when Hillcrest Hoppers children then start with them.

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. A 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. The academy continues to be recognised for the great work it is doing as we have been shortlisted for national TES awards for Early Years Setting of the Year 2020 and the most Creative school 2020. We were also shortlisted for the happiest school in December 2019 with the Laughology awards.

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Achievements and performance (continued)**

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. We have over 3600 followers on our Twitter account and as a result often have teachers visiting us to observe our work. Some of this work has had to be adapted and we have made the most of video technology to keep connected. Some staff have presented at the popular BrewEd's across the country and we had planned one of our own in May 2020 but due to Covid this had to be cancelled.

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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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 £251,915, this is as a result of an in year surplus in these funds during the year totalling £22,705. 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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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. A new audit committee has been formed as per the new financial handbook for September 2020. 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 yearly by the 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 an ongoing 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 priorities 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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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 £1200 in 2019. 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. The governing body are undertaking a formal leadership review currently to ensure the leadership remains strong and fit for purpose.

We recently updated our server and plan to purchase new computers for every classroom to enhance the use of tablets currently in use which were purchased in 2019. The Covid lockdown showed that we need to purchase software to enable us to deliver remote home learning and we also will be updating our phone system to a digital one so this again supports home working for staff when necessary. Governor documents have now moved on line to a secure system too. Staff and governors are also looking to update the large foundation stage play area in 2021.

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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

**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 16 November 2020 and signed on its behalf by:



**B Farren**  
Vice Chair of Finance Committee



**D Mitchell**  
Chair of Governors

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**GOVERNANCE STATEMENT**

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**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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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.

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. 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
V Cliffe, Chair of Trustees	5	6
B Farren, Vice chair of Board of Trustees	6	6
J McDonald, Headteacher and Accounting Officer	4	6
Z Thorpe, Vice Principal	2	6
L McDonald, Vice Principal	4	6
D Mitchell	3	3
S Neal	5	6
P Steadman	6	6
G Day	4	6
L Lovelidge	5	6
C Duncan	2	6
W Walter	4	6
S Spencer	2	6
J Jupp	4	6
I Waites	3	6
S Skipper	6	6
F Young	1	3

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 its systems of internal control.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
D Mitchell	3	3
J McDonald	3	3
L Lovelidge	2	3
B Farren	3	3
I Waites	1	3
V Cliffe	3	3
G Day	2	3



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**GOVERNANCE STATEMENT (CONTINUED)**

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**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 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. New computers throughout the whole school to support the tablets currently used will now be added to the network as the new server is now in place.

**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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The risk and control framework**

The 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
- identification and management of risks to be reviewed by the new audit committee formed September 2020.

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 2019/20 budget  
Testing of the purchase systems  
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.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**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:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- 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 and general purposes 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 Trustees on 21 November 2019 and signed on their behalf by:

  
**B Farren**  
Vice Chair of Finance Committee

  
**D Mitchell**  
Chair of Governors

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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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 2019.

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 2019.

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



**J McDonald**  
Accounting Officer  
Date: 16 November 2020

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 2019 and the Academies Accounts Direction 2019 to 2020 2019 to 2020;
- 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.

Approved by order of the members of the Board of Trustees on 16 November 2020 and signed on its behalf by:



**B Farren**



**D Mitchell**

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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

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**Opinion**

We have audited the financial statements of Hillcrest Early Years Academy Limited (the 'academy') for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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

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**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.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
(A Company Limited by Guarantee)

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

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**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](http://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.



**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

Date: 15/12/2020



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## **HILLCREST EARLY YEARS ACADEMY LIMITED**

**(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter dated 23 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillcrest Early Years Academy Limited during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hillcrest Early Years Academy Limited and 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 23 November 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy'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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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

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**Linda Lord BSc BFP FCA TEP**  
**Streets Audit LLP**

**Date:** 15/12/2020

**HILLCREST EARLY YEARS ACADEMY LIMITED**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>						
Donations and capital grants	3		950	6,614	7,564	19,485
Charitable activities		4,748	1,322,600		1,327,348	1,215,787
Other trading activities		20,675		-	20,675	36,447
Investments	6	95		-	95	110
<b>Total income</b>		<b>25,518</b>	<b>1,323,550</b>	<b>6,614</b>	<b>1,355,682</b>	<b>1,271,829</b>
<b>Expenditure on:</b>						
Charitable activities	8	109	1,318,255	44,546	1,362,910	1,508,665
<b>Total expenditure</b>		<b>109</b>	<b>1,318,255</b>	<b>44,546</b>	<b>1,362,910</b>	<b>1,508,665</b>
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>25,409</b>	<b>5,295</b>	<b>(37,932)</b>	<b>(7,228)</b>	<b>(236,836)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	23		(191,000)		(191,000)	(190,000)
<b>Net movement in funds</b>		<b>25,409</b>	<b>(185,705)</b>	<b>(37,932)</b>	<b>(198,228)</b>	<b>(426,836)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		93,536	(578,325)	1,449,636	964,847	1,391,683
Net movement in funds		25,409	(185,705)	(37,932)	(198,228)	(426,836)
<b>Total funds carried forward</b>		<b>118,945</b>	<b>(764,030)</b>	<b>1,411,704</b>	<b>766,619</b>	<b>964,847</b>

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

The notes on pages 29 to 54 form part of these financial statements.

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**HILLCREST EARLY YEARS ACADEMY LIMITED****(A Company Limited by Guarantee)****REGISTERED NUMBER: 07980317**

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**BALANCE SHEET  
AS AT 31 AUGUST 2020**

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	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	14	1,393,076	1,437,622
		<u>1,393,076</u>	<u>1,437,622</u>
<b>Current assets</b>			
Debtors	15	49,600	48,079
Cash at bank and in hand		289,998	131,942
		<u>339,598</u>	<u>180,021</u>
Creditors: amounts falling due within one year	16	(61,055)	(45,796)
<b>Net current assets</b>		<u>278,543</u>	<u>134,225</u>
<b>Total assets less current liabilities</b>		<u>1,671,619</u>	<u>1,571,847</u>
<b>Net assets excluding pension liability</b>		<u>1,671,619</u>	<u>1,571,847</u>
Defined benefit pension scheme liability	23	(905,000)	(607,000)
<b>Total net assets</b>		<u>766,619</u>	<u>964,847</u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	17	1,411,704	1,449,636
Restricted income funds	17	140,970	28,675
		<u>1,552,674</u>	<u>1,478,311</u>
Restricted funds excluding pension asset	17	1,552,674	1,478,311
Pension reserve	17	(905,000)	(607,000)
<b>Total restricted funds</b>	17	<u>647,674</u>	<u>871,311</u>
<b>Unrestricted income funds</b>	17	<u>118,945</u>	<u>93,536</u>
<b>Total funds</b>		<u>766,619</u>	<u>964,847</u>

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07980317**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

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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 54 were approved by the Trustees, and authorised for issue on 16 November 2020 and are signed on their behalf, by:



**B Farren**  
Vice Chair of Finance Committee



**D Mitchell**  
Chair of Governors

The notes on pages 29 to 54 form part of these financial statements.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	19	157,961	(144,473)
<b>Cash flows from Investing activities</b>	20	95	4,107
<b>Change in cash and cash equivalents in the year</b>		<b>158,056</b>	<b>(140,366)</b>
Cash and cash equivalents at the beginning of the year		131,942	272,308
<b>Cash and cash equivalents at the end of the year</b>	21, 22	<u><u>289,998</u></u>	<u><u>131,942</u></u>

The notes on pages 29 to 54 form part of these financial statements

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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 2019 to 2020 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.

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
**-(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**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 straight-line basis over its expected useful life, as follows:



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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.

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**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.

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**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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**3. Income from donations and capital grants**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	-	-	-	-	3,220
Grants	-	950	6,614	7,564	16,265
<b>Total 2020</b>	<b>-</b>	<b>950</b>	<b>6,614</b>	<b>7,564</b>	<b>19,485</b>

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**4. Funding for the academy's educational operations**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	786,420	786,420	770,973
Pupil Premium	-	122,774	122,774	112,945
Local Authority Grants	-	317,339	317,339	272,958
Other DfE/EFA Grants	-	96,067	96,067	58,611
Other Income	4,748	-	4,748	300
<b>Total 2020</b>	<b>4,748</b>	<b>1,322,600</b>	<b>1,327,348</b>	<b>1,215,787</b>
<b>Total 2019</b>	<b>300</b>	<b>1,215,487</b>	<b>1,215,787</b>	

**5. Income from other trading activities**

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Fundraising	20,675	20,675	36,447
<b>Total 2020</b>	<b>20,675</b>	<b>20,675</b>	<b>36,447</b>
<b>Total 2019</b>	<b>36,447</b>	<b>36,447</b>	

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**6. Investment income**

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income - local cash	95	95	110
<b>Total 2020</b>	<b>95</b>	<b>95</b>	<b>110</b>
<b>Total 2019</b>	<b>110</b>	<b>110</b>	

**7. Expenditure**

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Educational operations					
Direct costs	803,890	-	58,267	862,157	955,951
Allocated support costs	266,565	34,049	200,139	500,753	552,714
<b>Total 2020</b>	<b>1,070,455</b>	<b>34,049</b>	<b>258,406</b>	<b>1,362,910</b>	<b>1,508,665</b>
<b>Total 2019</b>	<b>1,100,789</b>	<b>80,795</b>	<b>327,081</b>	<b>1,508,665</b>	

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Academy trips and other school fund income	109	1,362,801	1,362,910	1,508,665

**HILLCREST EARLY YEARS ACADEMY LIMITED**  
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**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Educational operations	862,157	500,753	1,362,910	1,508,665
<b>Total 2020</b>	<b>862,157</b>	<b>500,753</b>	<b>1,362,910</b>	<b>1,508,665</b>
<b>Total 2019</b>	<b>955,951</b>	<b>552,714</b>	<b>1,508,665</b>	

**Analysis of direct costs**

	<b>Educational Activities 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Staff costs	803,890	803,890	849,019
Educational Supplies	14,744	14,744	47,644
Staff Development	6,080	6,080	10,401
Other Direct costs	37,443	37,443	48,887
<b>Total 2020</b>	<b>862,157</b>	<b>862,157</b>	<b>955,951</b>
<b>Total 2019</b>	<b>955,951</b>	<b>955,951</b>	

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

**Analysis of support costs**

	<b>Educational Activities 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Pension costs	12,000	12,000	10,000
Staff costs	266,585	266,585	251,770
Depreciation	44,546	44,546	53,167
Catering	60,241	60,241	57,892
Academy Trips	12,142	12,142	15,393
Maintenance of Premises and Equipment	34,049	34,049	80,795
Rent and Rates	6,911	6,911	4,369
Heat & Light	8,616	8,616	9,170
Insurance	20,696	20,696	20,601
Other support costs	34,878	34,878	49,403
Bank charges	109	109	154
<b>Total 2020</b>	<b>500,753</b>	<b>500,753</b>	<b>552,714</b>
<b>Total 2019</b>	<b>552,714</b>	<b>552,714</b>	

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**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	5,634	5,583
Fees paid to auditors for:		
- audit	3,000	3,000
- other services	3,500	3,000
	<u>          </u>	<u>          </u>



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**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	768,126	851,317
Social security costs	57,587	71,196
Pension costs	244,742	177,276
	<u>1,070,455</u>	<u>1,099,789</u>
Staff restructuring costs	-	1,000
	<u>1,070,455</u>	<u>1,100,789</u>

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

There was no severance payments made in the year. In the prior year, there was one payment of £1,000 made to one member of staff.

**c. Staff numbers**

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

	2020 No.	2019 No.
Teachers	9	12
Administration and support	32	37
Management	2	2
GAPA	5	10
	<u>48</u>	<u>61</u>

**d. Higher paid staff**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Staff (continued)**

**d. Higher paid staff (continued)**

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

**e. Key management personnel**

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £242,760 (2019 £236,360).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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:

		2020 £	2019 £
J McDonald, Headteacher and Accounting Officer	Remuneration	75,000 - 80,000	70,000 - 75,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000
L Lovelidge (resigned 31 December 2019)	Remuneration	15,000 - 20,000	45,000 - 50,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000
Z Thorpe	Remuneration	50,000 - 55,000	30,000 - 35,000
	Pension contributions paid	10,000 - 15,000	5,000 - 10,000
L McDonald (appointed 30 January 2020)	Remuneration	25,000 - 30,000	
	Pension contributions paid	5,000 - 10,000	
S Skipper (resigned 5 October 2020)	Remuneration	15,000 - 20,000	10,000 - 15,000
	Pension contributions paid	10,000 - 15,000	0 - 5,000

The value of Trustees' remuneration has been disclosed on a pro-rata basis in instances where Trustee appointment was during the year.

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £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. The cost of this insurance is not separately identifiable and is included in the total insurance cost.

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**14. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2019	1,423,450	182,602	47,943	1,653,995
At 31 August 2020	1,423,450	182,602	47,943	1,653,995
<b>Depreciation</b>				
At 1 September 2019	66,093	106,243	44,037	216,373
Charge for the year	11,388	29,561	3,597	44,546
At 31 August 2020	77,481	135,804	47,634	260,919
<b>Net book value</b>				
At 31 August 2020	1,345,969	46,798	309	1,393,076
At 31 August 2019	1,357,357	76,359	3,906	1,437,622

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**15. Debtors**

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors		900
Other debtors	14,568	9,812
Prepayments and accrued income	35,032	37,367
	<u>49,600</u>	<u>48,079</u>

**16. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	29,899	16,178
Accruals and deferred income	31,156	29,618
	<u>61,055</u>	<u>45,796</u>

	2020 £	2019 £
<b>Deferred Income</b>		
Deferred income at 1 September 2019	19,809	22,682
Resources deferred during the year	29,051	19,809
Amounts released from previous periods	(19,809)	(22,682)
	<u>29,051</u>	<u>19,809</u>

**HILLCREST EARLY YEARS ACADEMY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Statement of funds**

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>					
General Funds	93,536	25,518	(109)	-	118,945
<b>Restricted general funds</b>					
General Annual Grant (GAG)	9,484	786,420	(690,323)	-	105,581
Pupil Premium	19,190	122,774	(119,720)	-	22,244
Other ESFA	-	96,067	(83,084)	-	12,983
Local Authority	-	317,339	(317,339)	-	-
School Fund	1	950	(789)	-	162
Pension reserve	(607,000)	-	(107,000)	(191,000)	(905,000)
	<u>(578,325)</u>	<u>1,323,550</u>	<u>(1,318,255)</u>	<u>(191,000)</u>	<u>(764,030)</u>
<b>Restricted fixed asset funds</b>					
Assets transferred on conversion	1,089,000	-	-	-	1,089,000
Purchased tangible fixed assets	348,621	-	(44,546)	-	304,075
DFC	12,015	6,614	-	-	18,629
	<u>1,449,636</u>	<u>6,614</u>	<u>(44,546)</u>	<u>-</u>	<u>1,411,704</u>
<b>Total Restricted funds</b>	<u>871,311</u>	<u>1,330,164</u>	<u>(1,362,801)</u>	<u>(191,000)</u>	<u>647,674</u>
<b>Total funds</b>	<u>964,847</u>	<u>1,355,682</u>	<u>(1,362,910)</u>	<u>(191,000)</u>	<u>766,619</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 Government 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 2020.

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

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**17. Statement of funds (continued)**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
General Funds	67,173	40,077	(13,714)	-	-	93,536
<b>Restricted general funds</b>						
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)
	<u>(162,028)</u>	<u>1,215,487</u>	<u>(1,441,784)</u>	<u>-</u>	<u>(190,000)</u>	<u>(578,325)</u>
<b>Restricted fixed asset funds</b>						
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
	<u>1,486,538</u>	<u>16,265</u>	<u>(53,167)</u>	<u>-</u>	<u>-</u>	<u>1,449,636</u>
<b>Total Restricted funds</b>	<u>1,324,510</u>	<u>1,231,752</u>	<u>(1,494,951)</u>	<u>-</u>	<u>(190,000)</u>	<u>871,311</u>
<b>Total funds</b>	<u><u>1,391,683</u></u>	<u><u>1,271,829</u></u>	<u><u>(1,508,665)</u></u>	<u><u>-</u></u>	<u><u>(190,000)</u></u>	<u><u>964,847</u></u>



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**18. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	1,393,076	1,393,076
Current assets	112,331	208,639	18,628	339,598
Creditors due within one year	6,614	(67,669)	-	(61,055)
Provisions for liabilities and charges	-	(905,000)	-	(905,000)
<b>Total</b>	<b>118,945</b>	<b>(764,030)</b>	<b>1,411,704</b>	<b>766,619</b>

**Analysis of net assets between funds - prior period**

	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)
<b>Total</b>	<b>93,536</b>	<b>(578,325)</b>	<b>1,449,636</b>	<b>964,847</b>

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(7,228)	(236,836)
<b>Adjustments for:</b>		
Depreciation	44,546	53,166
Capital grants from DfE and other capital income	-	(8,247)
Interest receivable	(95)	(110)
Defined benefit pension scheme cost less contributions payable	12,000	10,000
Defined benefit pension scheme finance cost	95,000	57,000
Increase in debtors	(1,521)	(3,789)
Increase/(decrease) in creditors	15,259	(15,657)
<b>Net cash provided by/(used in) operating activities</b>	<b>157,961</b>	<b>(144,473)</b>

**20. Cash flows from Investing activities**

	2020 £	2019 £
Dividends, interest and rents from investments	95	110
Purchase of tangible fixed assets	-	(4,250)
Capital grants from DfE Group	-	8,247
<b>Net cash provided by investing activities</b>	<b>95</b>	<b>4,107</b>

**21. Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash in hand	289,998	131,942
<b>Total cash and cash equivalents</b>	<b>289,998</b>	<b>131,942</b>

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**HILLCREST EARLY YEARS ACADEMY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. Analysis of changes in net debt**

	<b>At 1 September 2019 £</b>	<b>Cash flows £</b>	<b>At 31 August 2020 £</b>
Cash at bank and in hand	<b>131,942</b>	<b>158,056</b>	<b>289,998</b>
	<b>131,942</b>	<b>158,056</b>	<b>289,998</b>

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**23. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, 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 2016 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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

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**23. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £84,000 (2019 - £68,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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 2020 was £84,000 (2019 - £79,000), of which employer's contributions totalled £66,000 (2019 - £61,000) and employees' contributions totalled £ 18,000 (2019 - £18,000). The agreed contribution rates for future years are 19.40 per cent for employers and varying per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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**

	2020 %	2019 %
Rate of increase in salaries	2.60	2.70
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.80

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.4	21.2
Females	23.7	23.5
<i>Retiring in 20 years</i>		
Males	22.4	22.5
Females	25.2	25.2

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**23. Pension commitments (continued)**

**Sensitivity analysis**

	2020 £000	2019 £000
Discount rate -0.5%	235,000	177,000
Salary Increase rate +0.5%	12,000	8,000
Pension increase rate +0.5%	219,000	167,000

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

	2020 £	2019 £
Equities	629,230	437,270
Corporate bonds	153,400	95,840
Property	76,700	59,900
Cash and other liquid assets	7,670	5,990
<b>Total market value of assets</b>	<b>767,000</b>	<b>599,000</b>

The actual return on scheme assets was £98,000 (2019 - £32,000).

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

	2020 £	2019 £
Current service cost	(161,000)	(113,000)
Past service cost	-	(5,000)
Interest income	11,000	15,000
Interest cost	(23,000)	(25,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(173,000)</b>	<b>(128,000)</b>

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**23. Pension commitments (continued)**

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

	2020 £	2019 £
<b>At 1 September</b>	<b>1,206,000</b>	<b>849,000</b>
Interest cost	23,000	25,000
Employee contributions	18,000	18,000
Actuarial losses	278,000	207,000
Benefits paid	(14,000)	(11,000)
Past service costs	-	5,000
Current service costs	161,000	113,000
<b>At 31 August</b>	<b>1,672,000</b>	<b>1,206,000</b>

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

	2020 £	2019 £
<b>At 1 September</b>	<b>599,000</b>	<b>499,000</b>
Interest income	11,000	15,000
Actuarial gains	87,000	17,000
Employer contributions	66,000	61,000
Employee contributions	18,000	18,000
Benefits paid	(14,000)	(11,000)
<b>At 31 August</b>	<b>767,000</b>	<b>599,000</b>

**24. Operating lease commitments**

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	1,215	5,676
Later than 1 year and not later than 5 years	224	10,989
	<b>1,439</b>	<b>16,665</b>

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**25. 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.

**26. Related party transactions**

Owing to the nature of the academy 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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

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 £50,001 - £55,000.