

Registered number: 08434199 (England and Wales)

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**THE HILLS ACADEMY**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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COMPANIES HOUSE

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members**

Mr C Jones  
Mr R Watson  
Mrs S Holme

**Governors**

Mr C Jones, Chair  
Mr D Burgess, Vice Chair (resigned 27 January 2016)<sup>1</sup>  
Mrs M Whitehead, Head Teacher<sup>1</sup>  
Mr A Clare (resigned 29 September 2015)  
Mrs T Foster<sup>1</sup>  
Mrs S Holme  
Mr R Watson<sup>1</sup>  
Mr A Daye<sup>1</sup>  
Mr C Palmer  
Mr R Wightman<sup>1</sup>  
Mrs H Bennett (resigned 30 September 2015)<sup>1</sup>  
Mrs S Bourne  
Mrs J Williams  
Mrs P Joshi (appointed 1 March 2016)  
Mrs N Henson (appointed 17 May 2016)<sup>1</sup>

<sup>1</sup> Resources Committee

**Company registered number**

08434199

**Senior management team**

Mrs M Whitehead, Head Teacher and Accounting Officer  
Mrs V Thomson, Deputy Head Teacher  
Mrs E Craigen, Assistant Head Teacher and SENCO  
Mrs S Mackay, Assistant Head Teacher and Early Years Coordinator  
Mrs T Antoine, Ks1 Coordinator  
Miss C Reardon, Ks 2 Coordinator  
Mrs J Lawes, Data Analysis and Visits Co-ordinator  
Mrs S Dickson, School Business Manager

**Company name**

The Hills Academy

**Principal and registered office**

The Hills Academy  
Stancliffe Road  
Bedford  
MK41 9AT

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

**Independent auditors**

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

**Bankers**

Lloyds Bank  
34 High Street  
Bedford  
MK40 1SB

**Solicitors**

Stone King LLP  
Wellington House  
East Road  
Cambridge  
CB1 1BH

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**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 9 serving a catchment area in Bedford. It has a pupil capacity of 300 and had a roll of 295 in the school census on 19 May 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. Constitution**

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

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

**b. Members' Liability**

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

**c. Governors' Indemnities**

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

The cover under the policy is in the Professional Liability Section where the limit of indemnity is £5,000,000, being the total amount payable during any one period of insurance.

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

In the period under review no sums were paid out.

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**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**d. Method of Recruitment and Appointment or Election of Governors**

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

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

The Various types of Governors of the Academy are:

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

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

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

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

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

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

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

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

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

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

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

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

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

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**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

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

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

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



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**f. Organisational Structure**

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

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

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

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

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

The Senior Leaders are the Head Teacher, Deputy Head, the School Business Manager, Special Educational Needs Co-ordinator (SENCO), Assistant Head responsible for Early Years, Data Analysis and Visits Coordinator and the Ks1 and Ks2 Coordinators. These leaders control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them.

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

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

In the accounting period concerned from 1st September 2015 until 31st August 2016 the:

Full Governing Body has met seven times - 06/10/15; 01/12/15; 26/01/16; 22/03/16; 17/05/16; 12/07/16 and an EGM on 12/01/16.

Resources Committee has met six times - 20/10/15; 17/11/15; 19/01/16; 15/03/16; 10/05/16 and 05/07/16.

Standards Committee has met five times - 22/09/15; 24/11/15; 12/01/16; 15/03/16 and 10/05/16.

The meeting scheduled for 07/07/16 was cancelled and the business carried forward to the FGB meeting on 12/07/16 and the Standards Committee meeting planned for 27/09/16.

In the first part of the academic / financial year, the School Action & Strategy Committee (SAS) was not able to meet. It was decided that strategy and planning especially related to the proposed changes to our age range (moving from a Lower to a Primary School) and initial discussions starting about forming a Multi-Academy Trust (MAT) was being discussed by the FGB in full rather than as the SAS. As a result, at the FGB meeting on 26/01/16, the Chair and Vice-Chair asked the FGB to consider disbanding the SAS Committee, in favour of this revised approach and it was unanimously approved.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

**h. Related parties and other connected charities and organisations**

The Trust consulted in June 2016 about the formation of a Multi-Academy Trust and this will be taken forward for action into the next academic year

**OBJECTIVES AND ACTIVITIES**

**a. Objects and Aims**

The principal object and activity of The Hills Academy Trust is the operation of The Hills Academy to provide education for pupils of all abilities, economic, social and cultural backgrounds between the ages of 3 and 9 years, drawn mostly from its catchment area and feeder schools, as defined by the Local Authority.

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**b. Objectives, Strategies and Activities**

The curriculum complies with the substance of the National Curriculum. The main objectives of the academy during the year ended 31 August 2016 are summarised below.

Aims

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

The Academy should:

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**c. Public Benefit**

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

The Academy is a non-profit organisation that currently provides a free education for the benefit of children between 3 and 9 years of age. When oversubscribed, admissions to the Academy are administered according to its published Admissions Criteria.

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

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

**STRATEGIC REPORT**

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**a. Achievements and Performance**

The Academy has retained the majority of pupils in all year groups throughout the year, with 328 pupils on roll at the end of the academic year (31 August 2016).

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

In the Early Years pupils are continually assessed against their developmental levels. This is done through the use of an interactive learning Profile and the writing of observations and storage of evidence (including evidence from parents and carers). In Key Stage 1 and 2 APP (Assessing Pupils Progress) takes place for every child in Reading, Writing and Mathematics – this is assessed with evidence on a weekly basis and recorded in individual Learning Journals which are accessible to students and parents in order to inform next steps. In foundation subjects the school is implementing 'Skills Ladders' for assessing every pupil. Teachers are held accountable for the progress of their pupils through the termly Pupil Progress Agenda which is held with the Headteacher and SENDCO. Every child has their individual progress sheet which identifies any child who is not making the progress expected and ensures that action is taken as a result.

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

Monitoring takes place through lesson observations, peer observations, planning and work scrutiny, appraisal reviews, pupil discussions and learning walks, all of which involve professional feedback to staff.

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

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**End of year school Data - Attainment**

**Reading**

**Whole School**

Year 1						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					11	18
Expected +			2	3	26	43
Expected			29	48	16	27
Emerging	14	23	23	38	5	8
Emerging -	45	75	5	8	2	3
P Level	1	2	1	2		

Year 2						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding			8	13	9	15
Expected +			14	23	15	25
Expected	8	13	26	43	24	40
Emerging	21	35	12	20	11	18
Emerging -	31	52			1	2
P Level						

Year 3						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					6	10
Expected +			10	17	18	31
Expected			32	54	24	41
Emerging	42	71	9	15	8	14
Emerging -	16	29	7	19	1	2
P Level	1	2	1	2	1	2

Year 4						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding			8	14	32	59
Expected +			19	34	16	30
Expected			24	43	1	2
Emerging	33	61	4	7		
Emerging -	20	37			4	7
P Level	1	2	1	2	1	2

**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**End of year school Data - Attainment**

**Writing**

**Whole School**

Year 1						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding			1	2	4	7
Expected +			1	2	31	52
Expected			29	48	17	28
Emerging	19	32	23	38	7	12
Emerging -	40	67	5	8		
P Level	1	2	1	2	1	2

Year 2						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding			8	13	8	13
Expected +			14	23	12	20
Expected	5	8	23	38	26	43
Emerging	32	53	15	25	14	23
Emerging -	23	38				
P Level						

Year 3						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					9	16
Expected +			8	14	19	33
Expected			31	53	24	41
Emerging	27	46	9	15	4	7
Emerging -	31	53	10	17	1	2
P Level	1	2	1	2	1	2

Year 4						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					28	52
Expected +			11	20	20	37
Expected			40	71	1	2
Emerging	42	78				
Emerging -	11	20	4	7	4	7
P Level	1	2	1	2	1	2

**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**End of year school Data - Attainment**

**Mathematics**

**Whole School**

Year 1						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					11	18
Expected +			3	5	23	38
Expected			24	40	20	33
Emerging	12	20	25	42	5	8
Emerging -	47	78	7	12		
P Level	1	2	1	2	1	2

Year 2						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding			7	12	6	10
Expected +			13	22	15	25
Expected	7	12	27	45	31	52
Emerging	34	57	12	20	6	10
Emerging -	19	32	1	2	2	3
P Level						

Year 3						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					4	7
Expected +			3	5	29	50
Expected			41	69	21	36
Emerging	15	25	10	17	2	3
Emerging -	43	73	4	7	1	2
P Level	1	2	1	2	1	2

Year 4						
	Autumn		Spring		Summer	
	No	%	No	%	No	%
Exceeding					18	33
Expected +					23	43
Expected			36	64	6	11
Emerging	27	50	13	23	2	4
Emerging -	26	48	6	11	4	7
P Level	1	2	1	2	1	2



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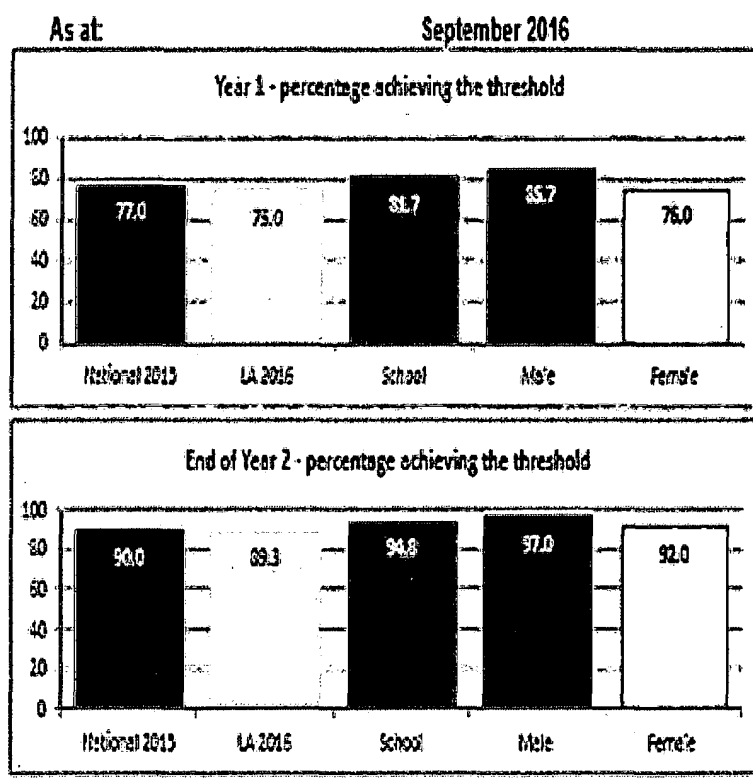
THE HILLS ACADEMY  
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GOVERNORS' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016

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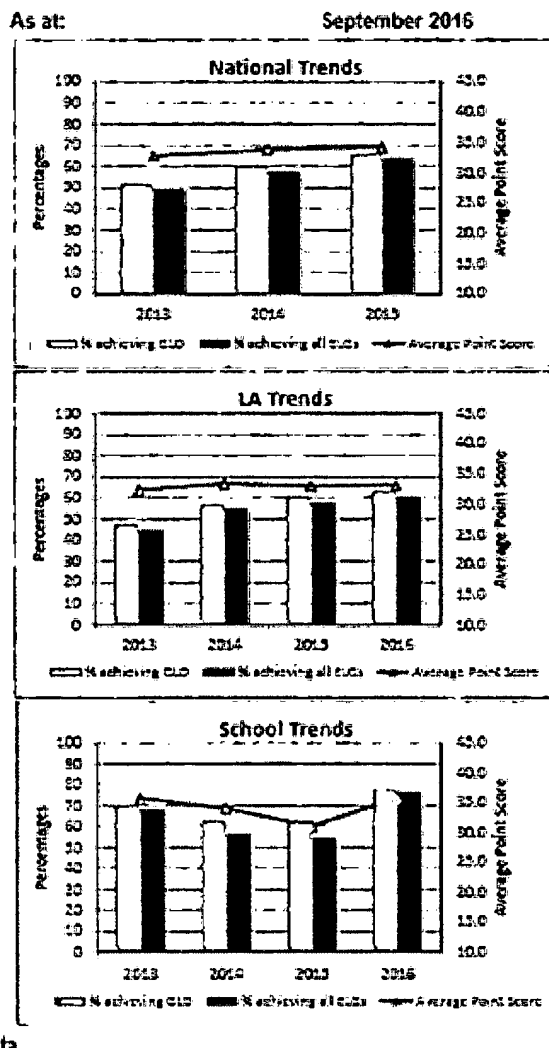
Year 1 and 2 Phonic Screening test outcomes



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

## Reception class Early Learning Goal outcomes



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**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**b. Key Performance Indicators**

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

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

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

**c. Going Concern**

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

**FINANCIAL REVIEW**

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

The total income for the period was £1,416,878.

The excess of income over expenditure for the period, excluding the fixed assets fund and actuarial losses was £23,416.

At 31 August 2016, the School had total funds of £2,024,301. This comprised £61,714 of restricted funds, the pension reserve deficit relating to the Local Government defined benefit scheme for non-teaching staff of £477,000, restricted fixed asset funds of £2,293,130 and unrestricted fundings of £146,457.

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**THE HILLS ACADEMY**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**a. Reserves Policy**

**General:**

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

The Governors will keep the level of free reserves under review to ensure sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of free reserves (total funds less the amount held in fixed assets) is £208,171. The Academy intends to continue building-up free reserves.

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

At 31 August 2016, the total net assets of The Hills Academy were £2,024,301 The funds comprised:

	£
Unrestricted	146,457
Restricted:	
Fixed asset fund	2,293,130
Other restricted funds	10,607
GAG restricted fund	51,107
Pensions reserve	<u>(477,000)</u>
	2,024,301

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

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

**Reserves Policy Pensions**

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

**b. Investment policy**

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

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**c. Principal Risks and Uncertainties**

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

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

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

**PLANS FOR FUTURE PERIODS**

As part of the Borough's move to a 2 tier education system from September 2017, the Academy has received the signed Deed of Variation to become a Primary School with the addition of Year 5 in September 2017 and Year 6 in September 2018. Our aspirations are to develop and maintain the Academy site depending on EFA capital bids and in the medium to long term. Replacement of temporary buildings for four classrooms with an additional four classrooms for the additional year groups will start in the Spring 2017.

A joint application and business case has been approved to become a Multi Academy Trust with Goldington Academy.

**FUNDS HELD AS CUSTODIAN**

During the period 1st September 2015 to 31st August 2016, The Hills Academy did not hold any funds as a custodian trustee on behalf of any charitable organisation.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

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

This report was approved by order of the board of Governors as the company directors, on 29 November 2016 and signed on its behalf by:



**Mr C Jones**  
**Chair of Governors**

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Hills Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

Governor	Meetings attended	Out of a possible
Mr C Jones, Chair	7	7
Mr D Burgess, Vice Chair	3	3
Mrs M Whitehead, Head Teacher	7	7
Mr A Clare	0	0
Mrs T Foster	7	7
Mrs S Holme	6	7
Mr R Watson	5	7
Mr A Daye	5	7
Mr C Palmer	7	7
Mr R Wightman	6	7
Mrs H Bennett	0	0
Mrs S Bourne	7	7
Mrs J Williams	6	7
Mrs P Joshi	3	3
Mrs N Henson	2	2

There have been some key changes to the composition of the board with two new appointments and two resignations including that of the Vice-Chair. The latter has highlighted the need to focus a lot more on Succession Planning as no-one put themselves forward to step-up and take on the role. It was eventually agreed at July's FGB meeting that both of the sub-committee chairs – Richard Watson and Sarah Holme along with Stacie Bourne, would share the responsibility on an interim basis from September onwards.

There is also the question of who would replace the Chair should he decide to step-down and that is a concern and something that must be addressed in the next year.

In February, Bedford Borough Council's Governor Training and Development Co-ordinator came to a specially arranged FGB meeting to conduct an Audit-of Governing Body Effectiveness.

**THE HILLS ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

The resulting Action Plan is shown in the table below with a comment as to the outcome at 31/08/16:

<b>Timeframe</b>	<b>Actions for Governing Body</b>
Immediate (end of current school term) Spring 2016	<p>Recruit a Clerk. <i>(Done – Clerk appointed from 01/09/16)</i></p> <p>Link governors with School Development Plan priorities. <i>(Done)</i></p> <p>Ensure that meeting papers and data reports from the Head teacher are received 7 days in advance of meetings. <i>(Done – with the occasional agreed exception. It is hoped that the appointment of a new clerk will help tighten-up on this aspect of our work)</i></p> <p>Use GovernorHub more effectively to upload documents. <i>(Done)</i></p> <p>Audit Website and check to confirm that information is easily accessible and that the website is easy to navigate. <i>(New Website up &amp; running)</i></p> <p>Make Governors more visible by including photographs in the school and on the website. <i>(Work in Progress – need to provide more support and a greater presence at all key parent evenings at school).</i></p>
Short term (end of next term) Summer 2016	<p>Governors to attend Parents evenings and talk to parents to help communicate the vision and values and gather feedback. <i>(Linked to the question of greater visibility above)</i></p> <p>Develop succession planning for Chairs position by developing Committee Chairs and recruiting people with leadership skills. <i>(On-going issue at 31/08/16)</i></p> <p>Recruit more governors with a view to diversity and inclusion of hard to reach parents. <i>(On-going work at 31/08/16)</i></p> <p>Investigate ways of celebrating success within school and thanking staff.</p> <p>Further develop accountability to parents and the community – will need to explore ideas, such as developing the Newsletter further. <i>(On-going issue at 31/08/16 – need governors not the Head to take responsibility for their own newsletter and this form of communication needs to continue)</i></p>
Long term (2/3 year vision)	<p>Governors will be developing the schools values further. <i>(Will be kept under review as the school develops and moves into a new era in its history)</i></p>

There is a view amongst Trustees / Governors that although an important exercise to do, the audit was just the start of what the FGB needs to do and consideration is being given as to what other areas of its work and responsibilities need to be reviewed and how best this should be done.

The school is currently making good progress towards becoming a Primary School and working hard in the tasks required to complete the process of forming a Multi-Academy Trust (MAT) with Goldington Academy.

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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The Resources Committee is a sub-committee of the main Governing Body. The structure of this committee changed on conversion to academy, replacing the previous Business Management Sub-Committee which covered Finance, Premises and Health and Safety.

This committee has responsibility for the three aforementioned aspects and Personnel (HR). This committee has formally met six times during the period concerned

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr R Watson - Chair	5	6
Mrs M Whitehead - Headteacher	4	6
Mrs H Bennett	0	0
Mr D Burgess	2	3
Mr A Daye	5	6
Mrs T Foster	6	6
Mrs N Henson	1	1
Mr R Wightman	5	6
Miss Z Thompson (Advisor)	6	6
Mrs S Dickson (Advisor - Business Manager)	5	6
Mrs C Catania (Advisor - Finance Manager)	6	6

**REVIEW OF VALUE FOR MONEY**

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

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

- Our rich and diverse creative curriculum ensures all pupils have the opportunity to raise their individual levels of attainment. We hold flagship status for delivery of Science and Inclusion as well as recognition for our excellent sports provision.
- The large variety of extra-curricular activities (drama, film making, instrumental classes, art club, science club, puzzle club, dance and variety of sports clubs) ensure that all our pupils are able to access free and low cost after school activities.
- International links ensure that pupils have a global focus to their education.
- Collective Worship, community assemblies and celebration assemblies are linked to our whole school monthly values. These provide a foundation for Moral, Social and Emotional development across the school and ensure good citizenship.
- The school works hard to promote healthy eating and living amongst pupils and their parents and Carers.
- Parenting support is available through the school and a weekly parent and carer coffee morning is a good source of informal support, as well as an opportunity to meet and ask 'experts' on a variety of themes. The numbers for this coffee morning have continued to grow and the school is now able to offer 1:1 parenting support.
- We regularly review our staffing structure to ensure that staff are efficiently deployed and appropriately qualified. Training and additional professional development is provided, at all levels, to increase school based expertise.
- Appraisal of staff is rigorous and linked to outcomes for pupils. All teaching staff successfully met their appraisal criteria for 2015-16 and those eligible for progression on the pay scale were informed of this and received an increase. Staff on the leadership scale also met their targets and were awarded



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**THE HILLS ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

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progression on the leadership scale as appropriate. The two NQTs successfully completed their induction year. Staffing is extremely stable.

- Intervention strategies are led by a specialist team who ensure that any pupil requiring additional support or focus receives it. This includes 1:1 support, group interventions, class based support and after school 1:1 tuition.
- Through Pupil Progress meetings, planning and intervention we focus on the differing needs of groups of learners within our school. Vulnerable learners make good progress and the school has had a successful external review of the provision for Pupil Premium students. The School has Flagship Status for the excellent provision for SEN pupils. The School also holds the NACE award for Gifted and Talented provision and G&T pupils also make good progress in school.
- The school has rigorous tracking systems. This includes individual tracking for each pupil (report are sent termly to parents), Pupil Progress Meetings with each teacher to ensure every child is discussed, cohort and class tracking and tracking by groups of learners. Target setting is aspirational and helps to ensure that all children perform at the highest level possible.
- We have excellent outcomes for all pupils at each Key Stage. All groups of learners, including Pupil Premium, perform significantly above the national expectation for their age (achievement data is published with detailed analysis on our website).
- Attendance at the school is good and higher than national average for similar schools.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Hills Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

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

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the internal auditor reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In the period concerned, Mrs Simmonds has visited the school three times to carry out checks and controls of the operating procedures of the financial management of The Hills Academy. She has provided the Resources Committee with reports and made recommendations for improvements.

In particular the checks carried out in the current period included:

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

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**THE HILLS ACADEMY**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

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

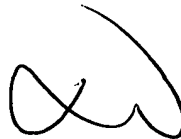
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 29 November 2016 and signed on their behalf, by:



**Mr C Jones**  
Chair of Trustees



**Mrs M Whitehead**  
Accounting Officer

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Hills Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



**Mrs M Whitehead**  
**Accounting Officer**

Date: 29 November 2016

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Governors on 29 November 2016 and signed on its behalf by:



**Mr C Jones**  
**Chair of Governors**

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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

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We have audited the financial statements of The Hills Academy for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

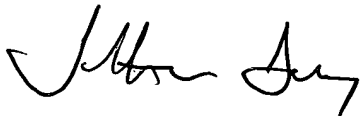
In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

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



Jonathan Day (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

Chartered Accountants  
Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Bedfordshire  
MK44 3BZ

Date:

2 December 2016.

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 4 November 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hills Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Hills Academy's funding agreement with the Secretary of State for Education dated April 2013, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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.



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

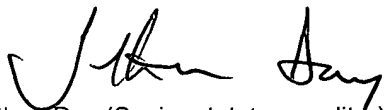
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The work undertaken to draw our conclusions included:

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

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jonathan Day (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

Chartered Accountants  
Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Bedfordshire  
MK44 3BZ

Date:

2 December 2016.

**THE HILLS ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	4,802	-	-	4,802	3,435
Charitable activities	3	-	1,274,781	7,638	1,282,419	1,428,907
Other trading activities	4	46,979	82,363	-	129,342	100,749
Investments	5	315	-	-	315	789
<b>TOTAL INCOME</b>		<b>52,096</b>	<b>1,357,144</b>	<b>7,638</b>	<b>1,416,878</b>	<b>1,533,880</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		5,425	1,355,911	77,969	1,439,305	1,498,881
Other expenditure	8	24,488	-	-	24,488	23,356
<b>TOTAL EXPENDITURE</b>		<b>29,913</b>	<b>1,355,911</b>	<b>77,969</b>	<b>1,463,793</b>	<b>1,522,237</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	22,183 7,719	1,233 -	(70,331) (7,719)	(46,915) -	11,643 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		29,902	1,233	(78,050)	(46,915)	11,643
Actuarial losses on defined benefit pension schemes	21	-	(234,000)	-	(234,000)	(15,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>29,902</b>	<b>(232,767)</b>	<b>(78,050)</b>	<b>(280,915)</b>	<b>(3,357)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		116,555	(182,519)	2,371,180	2,305,216	2,308,573
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>146,457</b>	<b>(415,286)</b>	<b>2,293,130</b>	<b>2,024,301</b>	<b>2,305,216</b>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	14		2,285,206		2,332,769
<b>CURRENT ASSETS</b>					
Debtors	15	36,500		52,422	
Cash at bank and in hand		292,300		404,105	
		<u>328,800</u>		<u>456,527</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(112,705)		(259,080)	
<b>NET CURRENT ASSETS</b>			<u>216,095</u>		<u>197,447</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,501,301</u>		<u>2,530,216</u>
Defined benefit pension scheme liability	21		(477,000)		(225,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>2,024,301</u></u>		<u><u>2,305,216</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	61,714		42,481	
Restricted fixed asset funds	17	2,293,130		2,371,180	
Restricted income funds excluding pension liability		2,354,844		2,413,661	
Pension reserve		(477,000)		(225,000)	
Total restricted income funds			<u>1,877,844</u>		<u>2,188,661</u>
Unrestricted income funds	17		<u>146,457</u>		<u>116,555</u>
<b>TOTAL FUNDS</b>			<u><u>2,024,301</u></u>		<u><u>2,305,216</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 29 November 2016 and are signed on their behalf, by:



**Mr C Jones**  
**Chair of Governors**

The notes on pages 35 to 54 form part of these financial statements.

**THE HILLS ACADEMY**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(112,120)	244,285
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		315	789
<b>Net cash provided by investing activities</b>		315	789
<b>Change in cash and cash equivalents in the year</b>		(111,805)	245,074
Cash and cash equivalents brought forward		404,105	159,031
<b>Cash and cash equivalents carried forward</b>		292,300	404,105

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**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Going concern**

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

**1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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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 and Governance costs 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 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property - buildings	-	2.5% per annum on a straight line basis
Freehold property - land	-	Not depreciated
Computer equipment	-	14.3% - 33.3% per annum on a straight line basis

**1.6 Operating leases**

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

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**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 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 Bank.

**1.8 Taxation**

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

**1.9 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.

**1.10 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.

**1.11 Liabilities and provisions**

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

**1.12 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Pensions**

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 and the assets are held separately from those of the academy.

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

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

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



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**THE HILLS ACADEMY**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

**1.15 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	4,802	-	-	4,802	3,435

In 2015, of the total income from donations and capital grants, £ 995 was to unrestricted funds and £2,440 was to restricted funds

**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,028,853	1,028,853	988,210
Pupil Premium	-	40,525	40,525	54,349
Capital Grants (Restricted Fixed Asset Fund)	-	7,638	7,638	175,587
Other EFA / DfE Grants	-	80,353	80,353	71,098
	-	1,157,369	1,157,369	1,289,244
<b>Other government grants</b>				
Local Authority Grants	-	100,274	100,274	116,552
	-	100,274	100,274	116,552
<b>Other funding</b>				
Other income	-	5,474	5,474	5,510
Nursery income	-	19,302	19,302	17,601
	-	24,776	24,776	23,111
	-	1,282,419	1,282,419	1,428,907

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,428,907 was to restricted funds.

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	623	-	623	1,260
PrimeTime - after school club	34,376	-	34,376	36,235
Other income	219	-	219	1,562
Educational trips	-	17,107	17,107	18,248
Consultancy income	11,761	53,697	65,458	34,250
Swimming income	-	11,559	11,559	9,194
	46,979	82,363	129,342	100,749

In 2015, of the total income from other trading activities, £73,307 was to unrestricted funds and £27,442 was to restricted funds.

**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	315	-	315	789

In 2015, of the total investment income, £ 789 was to unrestricted funds and £ NIL was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's Educational Operations:	-	-	-	-	-
Direct costs	960,108	-	95,085	1,055,193	975,849
Support costs	149,812	32,978	201,322	384,112	523,032
Other expenditure	21,735	-	2,753	24,488	23,356
Total	1,131,655	32,978	299,160	1,463,793	1,522,237

In 2016, of the total expenditure, £29,913 (2015 - £23,356) was to unrestricted funds and £1,433,880 (2015 - £1,498,881) was to restricted funds

**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**7. CHARITABLE ACTIVITIES**

	2016 £	2015 £
<b>DIRECT COSTS</b>		
Wages and salaries	764,365	732,487
National insurance	49,484	41,123
Pension cost	132,166	115,355
Agency supply costs	14,093	10,398
Educational supplies	72,800	62,432
Staff development	6,336	6,767
Technology costs	6,736	1,343
Travel and subsistence	1,625	732
Other direct costs	450	360
Insurance	7,138	4,852
	<u>1,055,193</u>	<u>975,849</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	111,881	123,982
National insurance	4,687	4,277
Pension costs	33,244	35,826
Depreciation	47,563	48,037
Net interest cost on pension scheme	8,000	7,000
Staff development	1,180	2,541
Technology costs	6,670	1,890
Brought in professional services	16,247	22,639
Maintenance of premises and equipment	11,406	10,452
Operating lease rentals	904	957
Rent, rates and water	7,490	6,506
Energy	13,566	13,124
Insurance	7,875	10,934
Catering	60,584	63,959
Other occupancy costs	7,455	7,474
Other support costs	6,617	7,667
CIF expenditure	30,406	145,894
Governance - Legal and professional	562	1,113
Governance - Auditors' remunerations	6,250	7,750
Governance - Auditors' non audit costs	1,525	1,010
	<u>384,112</u>	<u>523,032</u>
	<u><u>1,439,305</u></u>	<u><u>1,498,881</u></u>

**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**8. OTHER EXPENDITURE**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Prime Time - after school club costs	2,753	-	2,753	2,440
Prime Time - wages and salaries	17,669	-	17,669	17,042
Prime Time - national insurance	296	-	296	225
Prime Time - pension costs	3,770	-	3,770	3,649
	<u>24,488</u>	<u>-</u>	<u>24,488</u>	<u>23,356</u>

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	47,563	48,037
Auditors' remuneration - audit	6,250	7,750
Auditors' remuneration - other services	<u>1,525</u>	<u>1,010</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	882,894	861,893
Social security costs	54,467	45,625
Operating costs of defined benefit pension schemes	169,180	154,830
	<u>1,106,541</u>	<u>1,062,348</u>
Supply teacher costs - through payroll	11,021	11,618
Supply teacher costs - agency costs	14,093	10,398
	<u><u>1,131,655</u></u>	<u><u>1,084,364</u></u>

**b. Staff numbers**

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

	2016 No.	2015 No.
Teachers	10	8
Administration and support	47	50
Management	6	7
	<u>63</u>	<u>65</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	8	7
Administration and support	21	20
Management	6	7
	<u>35</u>	<u>34</u>

**c. Higher paid staff**

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0

The above employee participated in the Teachers' Pension Scheme.

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**THE HILLS ACADEMY**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**d. Key management personnel**

The key management personnel of the academy comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the key management personnel for their services to the academy was £369,894 (2015 £414,175).

**11. GOVERNORS' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 1 Governor (2015 - 1) in respect of defined benefit pension schemes.

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

Mrs Moya Whitehead, Headteacher

Remuneration £70,000 - £75,000 (2015 £65,000 - £70,000)

Employer's pension contributions £10,000 - £15,000 (2015 £5,000 - £10,000)

Staff Governor 1 - Teacher (*resigned 31/08/2015*)

Remuneration £Nil (2015 £35,000 - £40,000)

Employer's pension contributions £Nil (2015 £5,000 - £10,000)

Staff Governor 2 - Teacher (*appointed 01/09/2015*)

Remuneration £20,000 - £25,000 (2015 £Nil)

Employer's pension contributions £0,000 - £5,000 (2015 £Nil)

Staff Governor 3 - LSA

Remuneration £20,000 - £25,000 (2015 £20,000 - £25,000)

Employer's pension contributions £5,000 - £10,000 (2015 £5,000 - £10,000)

During the year, one Governor received a reimbursement of expenses amounting to £13 (2015 - £13) relating to the annual return fee.

**12. GOVERNORS' AND OFFICERS' INSURANCE**

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

**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**13. OTHER FINANCE INCOME**

	2016 £	2015 £
Interest income on pension scheme assets	22,000	18,000
Interest on pension scheme liabilities	(30,000)	(25,000)
	<u>(8,000)</u>	<u>(7,000)</u>

**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Computer equipment £	Total £
<b>Cost</b>			
At 1 September 2015 and 31 August 2016	<u>2,425,000</u>	<u>21,665</u>	<u>2,446,665</u>
<b>Depreciation</b>			
At 1 September 2015	106,635	7,261	113,896
Charge for the year	<u>44,125</u>	<u>3,438</u>	<u>47,563</u>
At 31 August 2016	<u>150,760</u>	<u>10,699</u>	<u>161,459</u>
<b>Net book value</b>			
At 31 August 2016	<u>2,274,240</u>	<u>10,966</u>	<u>2,285,206</u>
At 31 August 2015	<u>2,318,365</u>	<u>14,404</u>	<u>2,332,769</u>

**15. DEBTORS**

	2016 £	2015 £
VAT repayment	8,838	29,179
Prepayments and accrued income	27,662	23,243
	<u>36,500</u>	<u>52,422</u>



**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	2016 £	2015 £
Trade creditors	29,722	170,093
Other creditors	-	3,273
Accruals and deferred income	82,983	85,714
	<u>112,705</u>	<u>259,080</u>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	52,733	45,965
Resources deferred during the year	54,083	52,733
Amounts released from previous years	(52,733)	(45,965)
	<u>54,083</u>	<u>52,733</u>
Deferred income at 31 August 2016	<u>54,083</u>	<u>52,733</u>

	2016 £	2015 £
Universal infant free school meals	37,601	35,306
Future Trips	8,128	8,908
Rates funding	2,070	2,058
Devolved formula capital	4,429	4,475
Receipts received in advance	1,855	1,986
	<u>54,083</u>	<u>52,733</u>
Total	<u>54,083</u>	<u>52,733</u>

**THE HILLS ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**17. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Fund	116,555	52,096	(29,913)	7,719	-	146,457
<b>Restricted funds</b>						
General Annual Grant (GAG)	29,694	1,028,853	(1,007,440)	-	-	51,107
Other EFA Grants	2,656	111,698	(112,598)	-	-	1,756
Local Authority Grants	-	100,274	(100,274)	-	-	-
Other Income	-	107,139	(107,139)	-	-	-
PE Grant	10,131	9,180	(10,460)	-	-	8,851
Pension reserve	(225,000)	-	(18,000)	-	(234,000)	(477,000)
	(182,519)	1,357,144	(1,355,911)	-	(234,000)	(415,286)
<b>Restricted fixed asset funds</b>						
Tangible Fixed Assets	2,332,768	-	(47,563)	-	-	2,285,205
CIF Funding	28,406	-	(28,406)	-	-	-
Devolved Formula Capital	1,287	7,638	(2,000)	-	-	6,925
New Building Fund	8,719	-	-	(7,719)	-	1,000
	2,371,180	7,638	(77,969)	(7,719)	-	2,293,130
<b>Total restricted funds</b>	2,188,661	1,364,782	(1,433,880)	(7,719)	(234,000)	1,877,844
<b>Total of funds</b>	2,305,216	1,416,878	(1,463,793)	-	(234,000)	2,024,301

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

**General Funds:**

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

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**17. STATEMENT OF FUNDS (continued)**

**Restricted Funds:**

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

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

**Restricted Fixed Assets Funds:**

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

The Academy had a balance from the EFA's Conditions Improvement Fund brought forward to enable fire alarm system and fire door works to be undertaken. The costs incurred in the year ended 31 August 2016 amounted to £28,406. There was an underspend on the project which has been notified to the EFA, and a provision in the balance sheet has been made for this amount.

During the year the academy has received confirmation from the local authority that they will be providing the school with new school buildings as part of their expansion to primary status. As a result, £7,719 has been transferred back to general reserves from where it was initially transferred in 2015.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,285,206	2,285,206	2,332,768
Current assets	146,457	174,419	7,924	328,800	456,527
Creditors due within one year	-	(112,705)	-	(112,705)	(259,079)
Provisions for liabilities and charges	-	(477,000)	-	(477,000)	(225,000)
	<u>146,457</u>	<u>(415,286)</u>	<u>2,293,130</u>	<u>2,024,301</u>	<u>2,305,216</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(46,915)	11,643
<b>Adjustment for:</b>		
Depreciation charges	47,563	48,037
Dividends, interest and rents from investments	(315)	(789)
Decrease/(increase) in debtors	15,922	(18,779)
(Decrease)/increase in creditors	(146,375)	186,173
Defined benefit pension scheme cost less contributions payable	10,000	11,000
Defined benefit pension scheme finance cost	8,000	7,000
<b>Net cash (used in)/provided by operating activities</b>	<b>(112,120)</b>	<b>244,285</b>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	292,300	404,105
<b>Total</b>	<b>292,300</b>	<b>404,105</b>

**21. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

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**21. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £79,582 (2015 - £67,385).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £98,000 (2015 - £93,000), of which employer's contributions totalled £79,000 (2015 - £75,000) and employees' contributions totalled £19,000 (2015 - £18,000). The agreed contribution rates for future years are 24.4% for employers and between 5.5% and 12.5% for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.00 %</b>	3.70 %
Expected return on scheme assets at 31 August	- %	3.70 %
Rate of increase in salaries	<b>3.10 %</b>	3.50 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.60 %

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	<b>22.4</b>	22.4
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>24.4</b>	24.4
Females	<b>26.8</b>	26.8

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

	<b>Fair value at 31 August 2016 £</b>	<i>Fair value at 31 August 2015 £</i>
Equities	<b>563,000</b>	358,000
Debt instruments	<b>73,000</b>	96,000
Property	<b>73,000</b>	59,000
Cash	<b>22,000</b>	21,000
<b>Total market value of assets</b>	<b><u>731,000</u></b>	<u>534,000</u>

The actual return on scheme assets was £22,000 (2015 - £18,000).

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

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employee contributions)	<b>(89,000)</b>	(86,000)
Net interest cost	<b>(8,000)</b>	(7,000)
<b>Total</b>	<b><u>(97,000)</u></b>	<u>(93,000)</u>

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**21. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	759,000	622,000
Current service cost	89,000	86,000
Interest cost	30,000	25,000
Contributions by employees	19,000	18,000
Changes in financial assumptions	311,000	8,000
	<u>1,208,000</u>	<u>759,000</u>
Closing defined benefit obligation	<u>1,208,000</u>	<u>759,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	534,000	430,000
Interest income on plan assets	22,000	18,000
Return on assets excluding amounts included in net interest	77,000	(7,000)
Contributions by employer	79,000	75,000
Contributions by employees	19,000	18,000
	<u>731,000</u>	<u>534,000</u>
Closing fair value of scheme assets	<u>731,000</u>	<u>534,000</u>

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	904	904
Between 1 and 5 years	2,487	3,391
	<u>3,391</u>	<u>4,295</u>
Total	<u>3,391</u>	<u>4,295</u>

**23. RELATED PARTY TRANSACTIONS**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**24. MEMBERS' LIABILITY**

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

**25. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.