
THE HILLS ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

THURSDAY



A16 *A4MG4XBV* 17/12/2015 #224
COMPANIES HOUSE

THE HILLS ACADEMY
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its governors and advisers	1 - 2
Governors' report	3 - 15
Governance statement	16 - 21
Statement on regularity, propriety and compliance	22
Governors' responsibilities statement	23
Independent auditors' report	24 - 25
Independent reporting accountant's assurance report on regularity	26 - 27
Statement of financial activities	28 - 29
Balance sheet	30
Cash flow statement	31
Notes to the financial statements	32 - 51

THE HILLS ACADEMY
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015

Members

Mr C Jones
Mr R Watson
Mrs S Holme

Governors

Mr C Jones, Chair
Mr D Burgess, Vice Chair¹
Mrs M Whitehead, Head Teacher¹
Mr E Kirk (resigned 31 August 2015)
Mrs T Foster¹
Mrs S Holme
Mr R Watson¹
Mr A Daye¹
Mr C Palmer
Mr R Wightman¹
Mrs C Buddle (resigned 19 May 2015)¹
Mrs K Loveday (resigned 4 January 2015)¹
Mrs H Bennett (appointed 1 December 2014)¹
Mrs S Bourne (appointed 1 December 2014)
Mrs J Williams (appointed 1 December 2014)

¹ Resource Committee

Company registered number

08434199

Principal and registered office

The Hills Academy
Stancliffe Road
Bedford
MK41 9AT

Senior management team

Mrs M Whitehead, Head Teacher and Accounting Officer
Mrs V Thomson, Deputy Head Teacher
Mrs S Mackay, Assistant Head Teacher
Mrs C Humphreys, Assistant Head Teacher
Mrs E Craigen, Assistant Head Teacher and SENCO
Mr E Kirk, Senior Teacher
Mrs J Lawes, Data Analysis and Visits Co-ordinator
Mrs S Dickson, School Business Manager
Miss E Verney, Senior Teacher

THE HILLS ACADEMY
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (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

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of The Hills Academy (the academy) for the ended 31 August 2015. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The principal activity of The Hills Academy Trust is to ensure the highest quality of primary education to all children in our locality. We are very proud of our school and its achievements over the years.

We currently admit children from Nursery (aged 3) to Year 4 (aged 9). We are a medium-sized school with over 300 children on our current roll.

Our intake is representative of a vibrant multi-cultural community. We are an 'inclusive' school admitting children from all backgrounds, faith or special needs.

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 Charitable Company was incorporated on 7th March 2013 and The Hills Lower School converted to an Academy on 1st April 2013.

All of the governors act as the trustees for the charitable activities of The Hills Academy and as directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as The Hills Academy.

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.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 the Academy's 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.

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.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 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.

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 and has a service level agreement with Bedford Borough Council's Governor Services Department. These allow for any or all of the members of the Governing Board to attend any of the training courses provided by Bedford Borough Council and to participate in on-line governor training.

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).

There is a nominated adviser to the governing body who acts as liaison between Bedford Borough Governor Services and the Governing Body.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 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 2014 until 31st August 2015 the:

Full Governing Body has met seven times - 07/10/14; 02/12/14; 27/01/15; 14/04/15; 19/05/15; 14/07/15 and an EGM on 04/06/15.

Resources Committee has met six times - 16/09/14; 18/11/14; 20/01/15; 24/03/15; 12/05/15 and 23/06/15.

Standards Committee has met six times – 16/09/14; 25/11/14; 13/01/15; 17/03/15; 12/05/15 and 07/07/15.

School Action & Strategy Committee has met at various intervals and has mainly continued to work in smaller groups to consider and work on a range of tasks related to the development of the school – its structure and infrastructure and position within the local education landscape, with progress and outcomes being reported back to the Full Governing Body. All key decisions have been made by the larger group following either recommendations from the smaller groups or direct discussion at this level.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

g. RISK MANAGEMENT

At the first Full Governing Body meeting after conversion, Governors unanimously agreed to adopt all the previous policies in force at the school as at 1st April 2013 and also agreed that each policy would be reviewed in line with the current policy timetable and amended to reflect the change in school name and status in particular as appropriate and this has continued throughout the year to 31 August 2015.

The Governors continue to develop and review the major risks to which the academy is exposed, in particular those relating to teaching and learning, provision of facilities and other operational areas of the academy, and its finances.

The Governors alongside the academy staff have implemented a number of systems, processes and procedures to assess and control risks that the school faces, especially in the operational areas (e.g. in relation to teaching, safeguarding, health and safety, bullying, educational visits, risk assessments, management of medicine in schools) and in relation to the control of finance. Residual risk is reviewed periodically and governors ensure adequate insurance cover is in place for these areas.

The Academy staff and Governors are working within these guidelines to ensure the risk associated with Academy Status is protected in line with Audit Compliance.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Academy is no longer a school partner of the North East Bedfordshire Learning Trust (NEBLT) as its board had resolved to wind-up the organisation in September 2013.

The school has continued to collaborate with the wider community and other settings.

The Headteacher is providing leadership consultation to another organisation and works as an assessor for the NPQH, NPQSL and NPQML. The school works in close collaboration with a local cluster of schools including Goldington and Goldington Green Academies.

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.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 2015 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.

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 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.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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.

d. ACADEMY DEVELOPMENT PLAN AND OBJECTIVES FOR THE ACADEMIC YEAR 2014/15

Our three core priorities were:

1. For all teaching, taken over time, to be graded 'Good' with 50% consistently 'Outstanding' – with occasional lessons judged 'Requires Improvement' making up 40% or less of any individual's teaching grades.'

Achieved – Anonymised monitoring of teaching and learning shows that out of 13 teachers all were judged as good by the end of June 2015 with 7 being judged 'Outstanding'. This was following an intensive program of development including one focused 6 week intervention to move one teacher to good and another intervention to move one teacher to outstanding.

2. To raise attainment in writing with a focus on extended writing across the school

Achieved – extended writing taking place across the school. However outcomes for writing are still lower than Reading and Numeracy and this needs to be supported in 2015-16 with Spelling and Grammar.

3. All children in the school have a 'thirst for knowledge and a love of learning.'

Achieved – Stakeholder survey results and feedback as well as higher levels of extended school participation and improved pupil engagement in the curriculum.

Strategic report

Achievements and performance

a. ACHIEVEMENT, ATTAINMENT AND PROGRESS

The Academy has continued to have a full complement of pupils in all year groups throughout the year, with 335 pupils on roll at the end of the academic year (31st August 2015).

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.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 Science pupils are assessed using APP in groups of learners. In foundation subjects the school is now making the transition from 'Teacher Assessment Tasks' to '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. 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 and 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).

Attainment and Standards The Hills Academy data for 2013 - 2015: Year 1 Phonics

Year 1	School 2013	National 2013	School 2014	National 2014	School 2015	National 2015
All pupils %	58	69	73	74	87	77

Attainment and Standards The Hills Academy data for 2013 - 2015: Key Stage 1: APS

KS1	School 2013	National 2013	School 2014	National 2014	School 2015	National 2015
Reading	18	16.3	17.9	16.5	18	16.6
Writing	16.5	14.9	16.4	15.1	16.5	15.3
Maths	17.4	16.1	17.2	16.2	17.2	16.4

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

End of Year School Data – Attainment – Reading 2014 – 2015

Year 1				
	Autumn		Summer	
	No	%	No	%
Exceeding			4	6
Expected +			41	68
Expected			13	22
Emerging			1	2
Emerging -	60	100	1	2
P Level				

Year 2				
	Autumn		Summer	
	No	%	No	%
Exceeding			7	12
Expected +			29	48
Expected			17	29
Emerging	7	12		
Emerging -	52	87	5	8
P Level	1	2	1	2

Year 3				
	Autumn		Summer	
	No	%	No	%
Exceeding				
Expected +			34	59
Expected			15	26
Emerging			4	7
Emerging -	56	98	4	7
P Level	1	2	1	2

Year 4				
	Autumn		Summer	
	No	%	No	%
Exceeding			18	31
Expected +			39	66
Expected				
Emerging				
Emerging -	58	98	1	2
P Level	1	2	1	2

End of Year School Data – Attainment – Writing 2014 – 2015

Year 1				
	Autumn		Summer	
	No	%	No	%
Exceeding			2	3
Expected +			27	45
Expected			27	45
Emerging			3	5
Emerging -	60	100	1	2
P Level				

Year 2				
	Autumn		Summer	
	No	%	No	%
Exceeding				
Expected +			18	31
Expected			30	51
Emerging	59	98	1	2
Emerging -	1	2	9	15
P Level			1	2

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Year 3				
	Autumn		Summer	
	No	%	No	%
Exceeding				
Expected +			36	62
Expected			16	28
Emerging			1	2
Emerging -	56	98	4	7
P Level	1	2	1	2

Year 4				
	Autumn		Summer	
	No	%	No	%
Exceeding			11	19
Expected +			36	61
Expected			10	17
Emerging				
Emerging -	58	98	1	2
P Level	1	2	1	2

End of Year School Data – Attainment – Maths 2014 – 2015

Year 1				
	Autumn		Summer	
	No	%	No	%
Exceeding			4	6
Expected +			41	68
Expected			13	22
Emerging			1	2
Emerging -	60	100	1	2
P Level				

Year 2				
	Autumn		Summer	
	No	%	No	%
Exceeding				
Expected +			18	31
Expected			30	51
Emerging	59	98	1	2
Emerging -	1	2	9	15
P Level			1	2

Year 3				
	Autumn		Summer	
	No	%	No	%
Exceeding				
Expected +			38	
Expected			12	
Emerging			1	
Emerging -	57	98	6	57
P Level	1	2	1	1

Year 4				
	Autumn		Summer	
	No	%	No	%
Exceeding			2	3
Expected +			34	58
Expected			18	31
Emerging			4	7
Emerging -	58	98		
P Level	1	2		

b. GOING CONCERN

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

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 £1,534,880.

The excess of income over expenditure for the period, excluding the fixed assets fund and actuarial losses was £48,576.

At 31st August 2015, the School had total funds of £2,315,805. This comprised £53,070 of restricted funds, the pension reserve deficit relating to the Local Government defined benefit scheme for non-teaching staff of £225,000, restricted fixed asset funds of £2,371,180 and unrestricted fundings of £116,555.

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 £169,625. 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 31st August 2015, the total net assets of The Hills Academy were £2,315,805 The funds comprised:

	£
Unrestricted	116,555
Restricted:	
Fixed asset fund	2,371,180
Other restricted funds	12,787
GAG restricted fund	29,694
Pensions reserve	(225,000)
	2,305,216

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, at the discretion of the Governors. The aim of the Governors is to increase reserves to meet future working capital requirements / meet future capital projects and ongoing repairs and maintenance (whichever is more applicable).

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Reserves Policy Pensions

The deficit on the pension reserve relates to the 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. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Since converting to an Academy in April 2013, governors have worked actively to implement new financial and risk practices. A new business risk management process has been introduced, informed by the Academies Financial Handbook. Risks are being identified, categorised and considered and appropriate control measures implemented. This exercise is on-going.

Policies are routinely reviewed by senior staff and governors. Operational systems and procedures are embedded throughout the school in order to minimise risk.

The Academy has an effective system of internal control in The Risk and Control Framework section of the Governance Statement. Where significant financial risk remains governors have ensured they have adequate insurance cover.

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 academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is in place and is reviewed and updated on a regular basis. The risk register and actions to mitigate risks inform the composition of the academy's School Development Plan (SDP). Governors agree the annual SDP and the Responsible Officer includes the process of risk management in her scrutiny and is satisfied that systems and procedures are in place to mitigate exposure to major risks.

Bedford Borough has determined a move to a 2 tier education system from September 2017, which may have an impact on the Academy's age range.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Plans for future periods

a. FUTURE DEVELOPMENTS

Our aspirations are to develop and maintain the Academy site depending on EFA capital bids and in the medium to long term to become a full primary school.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

During the period 1st September 2014 to 31st August 2015, 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, incorporating the Strategic report, was approved by order of the board of Governors, as the company directors, on 1 December 2015 and signed on the board's behalf by:



Mr C Jones
Chair of Governors

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

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 Governors' responsibilities statement. 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	6	7
Mrs M Whitehead, Head Teacher	7	7
Mr E Kirk	7	7
Mrs T Foster	4	7
Mrs S Holme	7	7
Mr R Watson	5	7
Mr A Daye	6	7
Mr C Palmer	7	7
Mr R Wightman	6	7
Mrs C Buddle	5	5
Mrs K Loveday	2	2
Mrs H Bennett	5	6
Mrs S Bourne	6	6
Mrs J Williams	6	6

There have been no significant changes to the composition of the Governing Body during the year.

The challenges for the board remain as they were pre-conversion and that is to ensure that all Governors feel able to and do make an effective contribution to the work of the governing body and to continue to look to develop the skills and knowledge base of the team through on-going training and development for the existing members and recruitment of new governors with the appropriate skills to compliment and add to those that are already evident through the work that is done.

Succession Planning for the Governing Body is required to ensure effective governance can be maintained throughout the coming years.

Governance reviews:

The Governing Body of The Hills Academy reviews itself in three ways:

- Survey of effectiveness and impact (carried out in the autumn term of each academic year)
- Yearly audit of Governors skills
- Governor and Senior Leadership Strategy Day

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Governor Survey Autumn 2014 (2015 survey not yet available) highlighted:

- strong skills base of Governors
- Strength of governing body in holding leaders to account
- *Clarity of vision for the school and as leaders of the strategic vision*
- The need for enhancing communication with the community and as a result the termly governor newsletter was launched.

Governors Skills Audit

This is carried out yearly (or as needed depending on changes) to ensure that governors are placed in the most appropriate committee and that any skills gaps are addressed through signposted training. The school subscribes to a full governor training package with Bedford Borough and all governors have access to free courses.

Strategy day

This takes place yearly (the last day was 25th April 2015). During this meeting progress towards the priorities for 2014-15 was evaluated, the Director for Education Bedford Borough addressed the group to evaluate the whole community provision and present local issues and priorities. Following this the governing body worked with the leadership team to identify priorities going forward into 2015-16. This review was then fed back to the whole school staff and disseminated to parents via the governor newsletter.

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	6	6
Mrs H Bennett	3	4
Mrs C Buddle	5	5
Mr D Burgess	6	6
Mr A Daye	6	6
Mrs T Foster	5	6
Mrs K Loveday	2	2
Mr R Wightman	5	6
Mrs S Dickson (Advisor - Business Manager)	6	6
Mrs C Catania (Advisor - Finance Manager)	1	1

REVIEW OF VALUE FOR MONEY

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

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The accounting officer considers how the trust'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 available. The accounting officer for the academy trust 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 2014-15 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 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 HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Financial Performance

- Finance governance and oversight is rigorous; there are 2 governors on the 'Resources' committee with financial skills.
- Accounts are prepared and issued for twice termly Resources meetings to enable regular monitoring to ensure Value for Money. Spending proposals are costed and presented to Senior Leaders/Governors and then challenged appropriately.
- Regular budget updates are provided to enable both short and long term budget decisions to be made appropriately.
- The School Business Manager has been influential in driving down costs through better procurement and negotiation throughout 2014/15.
- All eligible contracts are reviewed on an annual basis to ensure they are still fit for purpose and best value for our school.
- The school tendering procedures ensure that tenders/quotes are obtained as appropriate to ensure Value for Money with all major projects and purchases. The photocopier contract has been renewed this year and after obtaining quotations which were presented to governors the best value contract was chosen. In a similar way, The Hills Academy has appointed new accountants which was a decision based on best value for money.

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 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of 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;
- capital projects and major plans are also fully considered by the School Action and Stategy Committee which is comprised of the Chair, Vice-Chair, Chairs of the Sub-Committees and the Head and/or Deputy Head.
- 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 Governing Body appointed Mrs Julie Simmonds as a replacement for the former internal auditor Mr Paul Bowker. Mrs Simmonds is very experienced having worked as a schools financial advisor for the local Borough Council. She is currently employed on a part time basis by two local schools in an accounting role.

The Board of Goernors initially were unable to fulfil the position of internal auditor and therefore the internal auditor has only reported on the Autumn term. However the Board of Governors are satisfied with the results of that report.

In the period concerned, Mrs Simmonds has visited the school twice 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 one report 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.

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 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 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 1 December 2015 and signed on its behalf, by:



Mr C Jones
Chair of Governors



Mrs M Whitehead
Accounting Officer

THE HILLS ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Hills Academy I have considered my responsibility to notify the academy board of Governors 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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



Mrs M Whitehead
Accounting Officer

Date: 1 December 2015

THE HILLS ACADEMY
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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 (including the Strategic 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;
- 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 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 1 December 2015 and signed on its behalf by:



Mr C Jones
Chair of Governors

THE HILLS ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HILLS ACADEMY

We have audited the financial statements of The Hills Academy for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, 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.

Please note the 2014 accounts were not audited by Streets Audit LLP and, therefore, we do not express an opinion on the comparative figures and opening balances.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

THE HILLS ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HILLS ACADEMY

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.

However, only partial disclosure has been made in respect of governors' remuneration (note 12).



Martin Leafe (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: 14/12/2015

THE HILLS ACADEMY
(A company limited by guarantee)

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

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 2014 to 2015, 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 2014 to 31 August 2015 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 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 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 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 ACCOUNTANT**

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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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.

THE HILLS ACADEMY
(A company limited by guarantee)

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

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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Martin Leafe

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Bedfordshire
MK44 3BZ

Date: 14/12/2015

THE HILLS ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	995	2,440	-	3,435	1,259
Activities for generating funds	3	73,307	27,442	-	100,749	81,748
Investment income	4	1,789	-	-	1,789	317
Incoming resources from charitable activities	5	-	1,253,320	175,587	1,428,907	1,219,770
TOTAL INCOMING RESOURCES		76,091	1,283,202	175,587	1,534,880	1,303,094
RESOURCES EXPENDED						
Charitable activities	7	-	1,288,077	193,931	1,482,008	1,298,577
Governance costs	8	-	9,873	-	9,873	21,580
Other resources expended	9	23,356	-	-	23,356	21,161
TOTAL RESOURCES EXPENDED	6	23,356	1,297,950	193,931	1,515,237	1,341,318
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		52,735	(14,748)	(18,344)	19,643	(38,224)

THE HILLS ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	18	(8,719)	-	8,719	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		44,016	(14,748)	(9,625)	19,643	(38,224)
Actuarial gains and losses on defined benefit pension schemes		-	(23,000)	-	(23,000)	8,000
NET MOVEMENT IN FUNDS FOR THE YEAR		44,016	(37,748)	(9,625)	(3,357)	(30,224)
<i>Total funds at 1 September 2014</i>		<i>72,539</i>	<i>(144,771)</i>	<i>2,380,805</i>	<i>2,308,573</i>	<i>2,338,797</i>
TOTAL FUNDS AT 31 AUGUST 2015		116,555	(182,519)	2,371,180	2,305,216	2,308,573

All activities relate to continuing operations.

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

The notes on pages 32 to 51 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	15		2,332,768		2,380,805
CURRENT ASSETS					
Debtors	16	52,422		33,643	
Cash at bank and in hand		404,105		159,031	
		<u>456,527</u>		<u>192,674</u>	
CREDITORS: amounts falling due within one year	17	(259,079)		(72,906)	
NET CURRENT ASSETS			<u>197,448</u>		<u>119,768</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,530,216</u>		<u>2,500,573</u>
Defined benefit pension scheme liability	23		(225,000)		(192,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>2,305,216</u></u>		<u><u>2,308,573</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	42,481		47,229	
Restricted fixed asset funds	18	2,371,180		2,380,805	
		<u>2,413,661</u>		<u>2,428,034</u>	
Restricted funds excluding pension liability					
Pension reserve		(225,000)		(192,000)	
		<u></u>		<u></u>	
Total restricted funds			2,188,661		2,236,034
Unrestricted funds	18		116,555		72,539
TOTAL FUNDS			<u><u>2,305,216</u></u>		<u><u>2,308,573</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 1 December 2015 and are signed on their behalf, by:

Mr C Jones
Chair of Governors

The notes on pages 32 to 51 form part of these financial statements.

THE HILLS ACADEMY
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	68,698	5,408
Returns on investments and servicing of finance	21	789	317
Capital expenditure and financial investment	21	175,587	(5,382)
INCREASE IN CASH IN THE YEAR		245,074	343

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	245,074	343
MOVEMENT IN NET FUNDS IN THE YEAR	245,074	343
Net funds at 1 September 2014	159,031	158,688
NET FUNDS AT 31 AUGUST 2015	404,105	159,031

The notes on pages 32 to 51 form part of these financial statements.

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

THE HILLS ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. 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 circumstance indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between carrying value of the fixed assets and their recoverable amount are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. 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 on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

THE HILLS ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	995	2,440	3,435	1,259

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	1,260	-	1,260	160
School shop	-	-	-	171
PrimeTime - after school club	36,235	-	36,235	35,072
Other income	1,562	-	1,562	5,016
Educational trips	-	18,248	18,248	13,030
Consultancy income	34,250	-	34,250	17,760
Swimming income	-	9,194	9,194	10,539
	<u>73,307</u>	<u>27,442</u>	<u>100,749</u>	<u>81,748</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	789	-	789	317
Pension income	1,000	-	1,000	-
	<u>1,789</u>	<u>-</u>	<u>1,789</u>	<u>317</u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	988,210	988,210	1,015,644
Pupil Premium	-	54,349	54,349	33,868
Capital Grant (Restricted Fixed Assets Fund)	-	175,587	175,587	12,006
Other EFA / DfE Grants	-	71,098	71,098	14,449
	-	1,289,244	1,289,244	1,075,967
Other government grants				
Local Authority grants	-	116,552	116,552	126,472
	-	116,552	116,552	126,472
Other funding				
Other Income	-	5,510	5,510	6,946
Nursery Income	-	17,601	17,601	10,385
	-	23,111	23,111	17,331
	-	1,428,907	1,428,907	1,219,770

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	Total
	2015	Premises	Other costs	2015	2014
	£	2015	2015	£	£
Direct costs - Educational Operations	888,965	-	86,884	975,849	973,607
Support costs - Educational Operations	164,085	36,398	305,676	506,159	324,971
Charitable activities	1,053,050	36,398	392,560	1,482,008	1,298,578
Governance	-	-	9,873	9,873	21,580
Other resources expended	20,916	-	2,440	23,356	21,161
	1,073,966	36,398	404,873	1,515,237	1,341,319

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. CHARITABLE ACTIVITIES

	Total funds 2015 £	<i>Total funds 2014 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	732,487	715,305
National insurance	41,123	42,749
Pension cost	115,355	111,601
Agency supply costs	10,398	8,763
Educational supplies	62,432	72,099
Staff development	6,767	10,250
Technology costs	1,343	2,546
Travel and subsistence	732	996
Other direct costs	360	758
Insurance	4,852	8,540
	<u>975,849</u>	<u>973,607</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	123,982	132,216
National insurance	4,277	4,570
Pension cost	35,826	24,094
Depreciation	48,037	47,000
Pension cost (FRS 17)	-	5,000
Staff development	2,541	4,545
Technology costs	1,890	1,321
Brought in professional services	22,639	27,051
Maintenance of premises and equipment	10,452	15,210
Operating lease rentals	957	1,724
Rent, rates and water	6,506	5,775
Energy	13,124	13,324
Insurance	10,934	13,282
Catering	63,959	16,693
Other occupancy costs	7,474	8,290
Other support costs	7,667	4,875
CIF expenditure	145,894	-
	<u>506,159</u>	<u>324,970</u>
	<u><u>1,482,008</u></u>	<u><u>1,298,577</u></u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	7,750	7,750	6,500
Auditors' non audit costs	-	1,010	1,010	4,080
Other governance costs	-	-	-	1,200
Legal and professional	-	1,113	1,113	9,800
	<u>-</u>	<u>9,873</u>	<u>9,873</u>	<u>21,580</u>

9. OTHER RESOURCES EXPENDED

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Prime Time - after school club costs	2,440	-	2,440	1,522
Prime Time - wages and salaries	17,042	-	17,042	16,278
Prime Time - national insurance	225	-	225	18
Prime Time - pension costs	3,649	-	3,649	3,343
	<u>23,356</u>	<u>-</u>	<u>23,356</u>	<u>21,161</u>

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	48,037	47,000
Auditors' remuneration	7,750	6,500
Operating lease rentals:		
- other operating leases	904	1,216
	<u>56,691</u>	<u>54,716</u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	861,893	837,974
Social security costs	45,625	47,337
Other pension costs (Note 23)	154,830	139,038
	<u>1,062,348</u>	<u>1,024,349</u>
Supply teacher costs - through payroll	11,618	25,825
Supply teacher costs- agency costs	10,398	8,763
	<u><u>1,084,364</u></u>	<u><u>1,058,937</u></u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	7	7
Administration and support	20	21
Management	7	6
	<u>34</u>	<u>34</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	1	1

The above employee participated in the Teachers' Pension Scheme

THE HILLS ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

12. GOVERNORS' REMUNERATION AND EXPENSES

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 Headteacher 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 £65,000 - £70,000 (2014 £65,000 - £70,000)

Employer's pension contributions £5,000 - £10,000 (2014 £5,000 - £10,000)

Staff Governor 1 - Teacher

Remuneration £35,000 - £40,000 (2014 £35,000 - £40,000)

Employer's pension contributions £5,000 - £10,000 (2014 £5,000 - £10,000)

Staff Governor 2 - LSA

Remuneration £20,000 - £25,000 (2014 £20,000 - £25,000)

Employer's pension contributions £5,000 - £10,000 (2014 £5,000 - £10,000)

During the year, one Governor received a reimbursement of expenses amounting to £13 (2014 - £NIL) relating to the annual return fee.

13. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2014 £2,000,000) on any one claim and the cost for the year ended 31 August 2015 was included within the total paid to the EFA as part of the Risk Protection Arrangement ("RPA") (2014 - separate policy in place costing £793). The cost of this insurance is included in the total insurance cost.

14. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	26,000	20,000
Interest on pension scheme liabilities	(25,000)	(25,000)
	<u>1,000</u>	<u>(5,000)</u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

15. TANGIBLE FIXED ASSETS

	Freehold property £	Computer equipment £	Total £
Cost			
At 1 September 2014 and 31 August 2015	2,425,000	21,665	2,446,665
Depreciation			
At 1 September 2014	62,510	3,350	65,860
Charge for the year	44,125	3,912	48,037
At 31 August 2015	106,635	7,262	113,897
Net book value			
At 31 August 2015	2,318,365	14,403	2,332,768
At 31 August 2014	2,362,490	18,315	2,380,805

Included in land and buildings is freehold land at valuation at conversion to Academy status of £660,000 (2014 £660,000) which is not depreciated.

16. DEBTORS

	2015 £	2014 £
VAT repayment	29,179	9,438
Prepayments and accrued income	23,243	24,205
	<u>52,422</u>	<u>33,643</u>

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

	2015 £	2014 £
Trade creditors	170,093	8,180
Other creditors	3,273	3,273
Accruals and deferred income	85,713	61,453
	<u>259,079</u>	<u>72,906</u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

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

	£
Deferred income	
Deferred income at 1 September 2014	45,965
Resources deferred during the year	52,733
Amounts released from previous years	(45,965)
	<hr/>
Deferred income at 31 August 2015	52,733
	<hr/>

At the balance sheet date the Academy was holding funds received in advance for the following purposes:

	2015 £	2014 £
Universal infant free school meals	35,306	37,037
Future Trips	8,908	8,928
Rates funding	2,058	-
Devolved formula capital	4,475	-
Receipts received in advance	1,986	-
	<hr/>	<hr/>
Total	52,733	45,965
	<hr/>	<hr/>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Fund	72,539	76,091	(23,356)	(8,719)	-	116,555
Restricted funds						
General Annual Grant (GAG)	-	988,210	(958,516)	-	-	29,694
Other EFA Grants	-	116,242	(113,586)	-	-	2,656
Local Authority Grants	-	116,552	(116,552)	-	-	-
Other Income	41,073	52,993	(94,066)	-	-	-
PE Grant	6,156	9,205	(5,230)	-	-	10,131
Pension reserve	(192,000)	-	(10,000)	-	(23,000)	(225,000)
	(144,771)	1,283,202	(1,297,950)	-	(23,000)	(182,519)
Restricted fixed asset funds						
Tangible Fixed Assets	2,380,805	-	(48,037)	-	-	2,332,768
CIF Funding	-	172,390	(143,984)	-	-	28,406
Devolved Formula Capital	-	3,197	(1,910)	-	-	1,287
New Building Fund	-	-	-	8,719	-	8,719
	2,380,805	175,587	(193,931)	8,719	-	2,371,180
Total restricted funds	2,236,034	1,458,789	(1,491,881)	8,719	(23,000)	2,188,661
Total of funds	2,308,573	1,534,880	(1,515,237)	-	(23,000)	2,305,216

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.

THE HILLS ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. 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 23 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 Trust also received grants from the EFA's Conditions Improvement Fund to enable fire alarm system and fire door works to be undertaken. The costs incurred in the year ended 31 August 2015 amounted to £143,984 with the balance being carried forward for costs due to be incurred in the year to 31 August 2016.

The New Building fund relates to the old school fund balance which was transferred in to the main school bank account during the year. This amount has been ring fenced to assist with the fund for new school buildings.

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 2015.

SUMMARY OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
General funds	72,539	76,091	(23,356)	(8,719)	-	116,555
Restricted funds	(144,771)	1,283,202	(1,297,950)	-	(23,000)	(182,519)
Restricted fixed asset funds	2,380,805	175,587	(193,931)	8,719	-	2,371,180
	2,308,573	1,534,880	(1,515,237)	-	(23,000)	2,305,216

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	2,332,768	2,332,768	2,380,805
Current assets	77,174	340,941	38,412	456,527	192,674
Creditors due within one year	-	(259,079)	-	(259,079)	(72,906)
Provisions for liabilities and charges	-	(225,000)	-	(225,000)	(192,000)
	<u>116,555</u>	<u>(182,519)</u>	<u>2,371,180</u>	<u>2,305,216</u>	<u>2,308,573</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	19,643	(38,224)
Returns on investments and servicing of finance	(789)	(317)
Depreciation of tangible fixed assets	48,037	47,000
Capital grants from DfE	(175,587)	(12,006)
(Increase)/decrease in debtors	(18,779)	13,409
Increase/(decrease) in creditors	186,173	(11,454)
Increase/(decrease) in provisions	33,000	(1,000)
FRS 17 adjustments	(23,000)	8,000
Net cash inflow from operations	<u>68,698</u>	<u>5,408</u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	<u>789</u>	<u>317</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(17,388)
Capital grants from DfE	<u>175,587</u>	<u>12,006</u>
Net cash inflow/(outflow) capital expenditure	<u>175,587</u>	<u>(5,382)</u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	31 August 2015 £
Cash at bank and in hand:	159,031	245,074	404,105
Net funds	159,031	245,074	404,105

23. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 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.

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 (currently 14.1%);
- 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

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

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

The pension costs paid to TPS in the period amounted to £115,253 (2014: £109,601).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £93,000, of which employer's contributions totalled £75,000 and employees' contributions totalled £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.

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.70	358,000	6.30	296,000
Bonds	3.70	96,000	3.30	82,000
Property	3.70	59,000	4.50	39,000
Cash	3.70	21,000	3.30	13,000
Total market value of assets		534,000		430,000
Present value of scheme liabilities		(759,000)		(622,000)
(Deficit)/surplus in the scheme		(225,000)		(192,000)

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(759,000)	(622,000)
Fair value of scheme assets	534,000	430,000
	<u> </u>	<u> </u>
Net liability	(225,000)	(192,000)
	<u> </u>	<u> </u>

The amounts recognised in the Statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(86,000)	(69,000)
Interest on obligation	(25,000)	(25,000)
Expected return on scheme assets	26,000	20,000
	<u> </u>	<u> </u>
Total	(85,000)	(74,000)
	<u> </u>	<u> </u>

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

	2015 £	2014 £
Opening defined benefit obligation	622,000	501,000
Current service cost	86,000	69,000
Interest cost	25,000	25,000
Contributions by scheme participants	18,000	16,000
Actuarial Losses	8,000	11,000
	<u> </u>	<u> </u>
Closing defined benefit obligation	759,000	622,000
	<u> </u>	<u> </u>

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening fair value of scheme assets	430,000	308,000
Expected return on assets	26,000	20,000
Actuarial gains and (losses)	(15,000)	19,000
Contributions by employer	75,000	67,000
Contributions by employees	18,000	16,000
	<u>534,000</u>	<u>430,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(23,000) (2014 - £8,000).

The academy expects to contribute £87,000 to its Defined benefit pension scheme in 2016.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.40 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %

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

	2015	2014
Retiring today		
Males	22.4	22.4
Females	24.3	24.3
Retiring in 20 years		
Males	24.4	24.4
Females	26.8	26.8

THE HILLS ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

23. PENSION COMMITMENTS (continued)

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(759,000)	(622,000)	(501,000)
Scheme assets	534,000	430,000	308,000
Deficit	(225,000)	(192,000)	(193,000)
Experience adjustments on scheme liabilities	(8,000)	-	-
Experience adjustments on scheme assets	(15,000)	19,000	(4,000)

24. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	2014 £	2015 £	Other 2014 £
Expiry date:				
Within 1 year	-	-	-	829
Between 2 and 5 years	-	-	904	1,433

25. RELATED PARTY TRANSACTIONS

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

No related party transactions were entered into during the year.