

Company Registration Number: 08920557 (England & Wales)

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

| | Page |
|---|----------------|
| Reference and Administrative Details | 1 - 2 |
| Trustees' Report | 3 - 11 |
| Governance Statement | 12 - 15 |
| Statement on Regularity, Propriety and Compliance | 16 |
| Statement of Trustees' Responsibilities | 17 |
| Independent Auditors' Report on the Financial Statements | 18 - 20 |
| Independent Accountants' Assurance Report on Regularity | 21 - 22 |
| Statement of Financial Activities Incorporating Income and Expenditure Account | 23 |
| Balance Sheet | 24 |
| Statement of Cash Flows | 25 |
| Notes to the Financial Statements | 26 - 47 |

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

| | |
|--|--|
| Members | C Adams M Wilkinson J deHavilland C McConnell R Logan |
| Trustees | M Wilkinson, Chair of Trustees ^{1,2,3,4} C McConnell, Vice Chair ^{2,4} C Delor, Headteacher ^{1,2,3,4} C Adams ¹ C Bond ² J deHavilland ¹ D Douglas ² M Edwards ² R Howe ^{1,3} R Logan ^{1,3,4} C Morris ² E Talfan Davies ¹ J Dimpleby (appointed 10 January 2018) ² S Healey (appointed 7 December 2017) ² A Mustafa (appointed 7 December 2017) ² S Flynn (resigned 7 December 2017) ¹ J Thomas (resigned 7 December 2017) ² ¹ Finance and Resources Committee ² Teaching and Learning Committee ³ Audit and Risk Review Committee ⁴ Pay Committee |
| Company registered number | 08920557 |
| Company name | Hotwells Primary School Trust |
| Principal and registered office | Hope Chapel Hill Hotwells Bristol BS8 4ND |
| Company secretary | P Parker |
| Accounting Officer | C Delor |
| Senior Leadership Team | C Delor, Headteacher A Lambert, Deputy Headteacher M Edwards, KS2 Phase Leader L Hooper, EYFS Phase Leader C Spittlehouse, School Business Manager N Levison, SENCO Leader |
| Independent auditors | Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT |

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Advisers (continued)

| | |
|-------------------|---|
| Bankers | Lloyds Bank PLC 163 Whiteladies Road Bristol BS8 2RW |
| Solicitors | Harrison Clark Rickerbys Solicitors Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD |

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 3 to 11 in Hotwells, Bristol. It has a pupil capacity of 218 children of statutory school age. The nursery has a maximum of 24 children on roll. In the school census on 5th October 2018, there were 210 children on roll in total (compared with 233 in October 2016); 195 in the main School and 15 in the Nursery.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Hotwells Primary School Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Hotwells Primary School Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim. The Academy Trust uses the Risk protection arrangement for insurance.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and Funding Agreement:

- up to 6 Trustees who are appointed by the Members of the Academy Trust;
- up to 5 Parent Trustees who are elected by Parents of registered pupils at the Academy;
- up to 2 Staff Trustees who are elected by the Staff; and
- the Headteacher.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends upon their existing experience. All Trustees are encouraged to undertake training relevant to their respective roles and advantage is taken of specific training courses offered by qualified bodies, including Bristol City Council (Governor Development Service) and Delegated Services (the Trust's appointed Health and Safety provider).

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of sub committees and other groups. The Board does from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 sub-committees as follows:

- Finance and Resources Committee - this meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, property management, health and safety, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also oversees the commissioning of the statutory Audit;
- Teaching and Learning Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to teaching standards, curriculum planning, communications, target setting and assessment, examinations and all pastoral issues;
- Pay Committee - this meets once a year to review the performance of the Headteacher, and ensure the correct determination of the pay of each member of staff at their annual review.

The following decisions are reserved to the members: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chair and/or Vice Chair, to appoint the Headteacher and Clerk to the Trustees, to approve the School Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, Key Stage Heads and the School Business Manager.

The SLT controls the Academy Trust at an executive level, implementing the policies laid down by the Trustees and reporting back to them on performance. The Headteacher, School Business Manager and Finance & Resources Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the SLT comprise the Key Management Personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis.

All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The pay of Key Management Personnel is reviewed annually and normally increased in accordance with average earnings. The Trustees benchmark against the recommended pay levels for Bristol's Local Authority Maintained schools.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Hotwells Primary School Trust. The Academy Trust is grateful for the financial support it receives from its independent Parent Teacher Association.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in Hotwells and the surrounding area, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Hotwells Primary School to provide free education and care for pupils of different abilities.

The vision statement of the Academy Trust is: Learning to bring out the best in every one.

We are committed to the development of the whole child: socially, physically, creatively, morally, emotionally and academically. Our learning community inspires and challenges us to do our best and to develop the confidence to make life-long positive choices. Every child matters.

The aims of the Academy Trust during the period ended 31 August 2018 are summarised below:

- To create a happy, safe and positive learning environment for our children;
- To have high expectations for all;
- To have high expectations of behaviour which is positively managed;
- To embrace and celebrate differences;
- To deliver a broad and balanced curriculum that reflects our commitment to the development of every child;
- To develop independence, initiative, creativity, curiosity, cooperation and resilience in every child;
- To equip children with the skills and attitudes that will enable them to become confident individuals, responsible citizens and lifelong learners;
- To value the environment and to use it with care and compassion as a tool for learning;
- To work with our school and the wider community to improve opportunities for all;
- To be a fair employer with commitment to equal opportunities, supporting personal and professional development of all staff and promoting a positive working environment that celebrates their talents, dedication and commitment;
- To employ and develop staff and other resources to provide teaching and learning of the highest quality;
- To work with other schools and the wider education community in for the improvement of children's learning; and
- To promote and safeguard the wellbeing of all members of our school community.

At Hotwells Primary School we aim to achieve the best for, and from, every child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy Trust is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Like all schools, the Academy Trust has a School Development Plan, to identify areas of our work to focus on. The current School Development Plan runs from September 2015 to July 2019. There are five long term aims /areas in which to strengthen current practice. These are:

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

- Learning for Life – to have the skills and confidence to succeed in life;
- Living Healthy and Well – to be cared for and to know how to live healthily;
- Love of Learning – to have a positive attitude to learning and achieve the best one that one can;
- Learning Environment – to work in an environment that is inspiring and reflects the school's vision; and
- Looking Beyond – to be part of the wider picture of education, learning from adults who are inspiring and love to learn.

Key priorities for the year ended 31 August 2018 included:

- To further develop the quality of the teaching of writing with a particular focus on middle attainment.
- To track and sustain good progress in maths with a particular focus on pupils supported by the Pupil Premium.
- To focus additional interventions on EAL learners in EYFS and KS1 in order to accelerate progress with a particular focus on speaking, listening, reading and writing skills
- To raise awareness of mental health issues in children; to ensure staff feel knowledgeable about mental health issues and establish links between school and mental health services

The aims of the Academy Trust during the period ended 31 August 2018 are summarised below:

- To create a happy, safe and positive learning environment for our children;
- To have high expectations for all;
- To have high expectations of behaviour which is positively managed;
- To embrace and celebrate differences;
- To deliver a broad and balanced curriculum that reflects our commitment to the development of every child;
- To develop independence, initiative, creativity, curiosity, cooperation and resilience in every child;
- To equip children with skills and attitudes that will enable them to become confident individuals, responsible citizens and lifelong learners;
- To value the environment and use it with care and compassion as a tool for learning;
- To work with our school and the wider community to improve opportunities for all;;
- To be a fair employer with a commitment to equal opportunities, supporting personal and professional development of all staff and promoting a positive working environment that celebrates their talents, dedication and commitment;
- To employ and develop staff and other resources to provide teaching and learning of the highest quality;
- To work with other schools and the wider education community for the improvement of children's learning; and
- To promote and safeguard the wellbeing of all members of our school community.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy Trust is a one class entry school plus nursery (3 - 4 year olds) which is in its third period of operation. In 2017/2018 the school improved its pupil numbers over the previous year and had a waiting list for its reception class in September 2018 (the first time for two years)

- Deprivation is below national but within middle quintile, the children come from a wide range of social backgrounds. Percentage of Pupil Premium (PP) is below national 10.63% The number of English as an

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Additional Language (EAL) pupils increased is increasing with 24.6% of our pupils. This ranges from 16% in Year 4 to 40% in Nursery. There is a low proportion of registered SEN but a number of pupils require significant support

- The Academy Trust has a Senior Leadership Team (SLT) of highly motivated, skilled and committed practitioners and a strong and committed Board of Trustees. The SLT have brought in measured changes at an appropriate pace, for example changes in SLT to build capacity and delegate leadership. School has strong links with local businesses (e.g. Number Partners and Reading Partners), secondary schools (e.g. Ashton Park for P.E. network partnership), churches and community organisations (Hope Chapel and Trinity Church) & Initial Teacher Training provider (UWE); Hotwells Primary School is a challenging site – creatively managed and used, e.g. our 'Garden for Life' which is used by all classes weekly and run by an active parent group

Attainment - SATS

Changes to national assessment reporting and school assessment systems means that data is now reported in a different way and year on year comparisons are not yet available.

KS2 2018 Outcomes

In Reading 90% of pupils met the expected standard (and of this 67% were at the higher standard).

In Writing 80% met the expected standard.

In Mathematics 87% met the expected standard.

In Reading, Writing and Maths combined 80% met the expected standard.

At KS2 we took part in moderation exercises with NW24 schools and Bristol schools and moderators agreed with our judgments.

At KS2 we were moderated as a school and moderators agreed with our judgments.

KS1 2018 Outcomes

KS1 attainment data is provisional

In Reading 89% of pupils met the expected standard (25% at greater depth)

In Writing 54% achieved the expected standard.

In Mathematics 71% achieved the expected standard.

Year One Phonics screening check:

88% of pupils achieved the expected standard.

To ensure that standards are continually assessed, the Academy Trust operates a programme of lesson observations, which are undertaken by the Headteacher, School Improvement Adviser (SIA) and the SLT.

The Academy Trust was inspected by OFSTED in September 2018 and was judged to be requires improvement with good in Early Years and Personal development, behaviour and welfare.

Continuing professional development for staff has been successful with all teaching and support staff undertaking safeguarding training and EAL training this year. Teaching staff have also taken part in Writing CPD. Staff have also attended courses specific to their role, for example, ASD workshops, positive handling, administration of medicines and SEND leadership training.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The Academy Trust has maintained and strengthened its links with the NW24 cluster including taking part in Collaborative Reviews and Inset Days as well as continuing links with a variety of schools both maintained primary, secondary and special and local independent schools.

- Hotwells is proud of its rich curriculum that celebrates creativity and is raising the profile of music within school (Music Week supported by PTA, Christmas concert in conjunction with Hotwells Music Workshop, performances, choir and orchestra);
- The school has an active and supportive PTA and strong parent led groups: the Garden for Life Group and the Diversity and Inclusion Group (DIG);
- Our Sport Partnership with Ashton Park School and our use of Bristol Community Rugby Foundation enhances sports provision and access to off site opportunities.

Key Performance Indicators

The Academy Trust's financial reporting system provides the ability to forecast, budget, review trial balances and current out turns, and these are reported to the Finance and Resources Committee every term to ensure that Trustees have a proper understanding of the current spending, budgetary pressures and funding requirements of the Academy Trust as well as challenge the performance of the Academy Trust against budget.

Summary financial information is provided to the Board of Trustees, in particular ensuring that all Trustees are aware of total income and expenditure of the Academy Trust and the anticipated level of carry forward from year to year. The trust carried out a management of change in 2016/2017 and reduced costs to be in surplus in 2017/2018.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention to the amount of carry forward. In the year under review, £59,756 was carried forward.

As funding is based on student numbers this is also a key performance indicator. Student numbers for 2017/2018 is 233 and increase of 15 on 2016/2017. (Including 22 students in Nursery). However this has fallen in September 2018.

Another key financial performance indicator is staffing costs as a percentage of total recurring income (excluding capital grants), for 2018 this was a 74%, reduction on last year.

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

During the year ended 31 August 2018, the Academy Trust had a small surplus. Challenges in 2017/2018 were:

- Additional boiler costs which resulted in the need for new boilers
- The replacement of the main boilers, the school applied for an emergency CIF bid but was turned down and received a loan from the ESFA to cover the costs of this.
- Higher than budgeted building maintenance costs
- Higher than budgeted ground maintenance costs due to significant tree works after high winds

At 31 August 2018 the net book value of fixed assets was £2,354,673 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and buildings were professionally valued prior to conversion in April 2014 at £2,391,787.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, School Business Manager, Budget Holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated include:

- Finance Policy
- Pay Policy
- Balances and Reserves Policy
- Investment Policy
- Accounting Policies
- Debt Recovery Policy

Reserves Policy

The Trustees have determined that the appropriate level of free reserves should be approximately £80,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Total reserves of the Academy Trust amount to £1,943,775, although £1,884,639 of this is invested in fixed assets or represents non GAG restricted funds including a pension deficit. The remaining £59,136 (representing £39,582 unrestricted funds and £19,554 unspent GAG, PE Sports Grant and Trip Income) is the balance that the Trustees monitor in accordance with the Board's reserves policy. This represents approximately 0.6 months of normal recurring expenditure.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. The Trust's investment policy is that sums in excess of the level currently protected by the UK Financial Services Compensation Scheme (currently £75,000) may be placed on deposit for extended periods with providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and School Business Manager within guidelines approved by the Finance and Resources Committee.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Principal Risks And Uncertainties

The Finance and Resource Committee, as well as the Board of Trustees have reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

Financial - the Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last year 91% of the Academy Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy Trust has appointed Bishop Fleming LLP to undertake a program of additional testing and to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

Following on from the work outlined in the previous report for year 16/17, Hotwells have continued to have focussed discussions and preparations for joining with some of the other schools in NW24 to form a MAT. Considerable progress has been made and a suite of documents have been prepared which address the building blocks of forming such a MAT. There remains some more detailed work to complete including implementation of a communications strategy. As a consequence, the decision on making an application to the Regional Schools Commission is now expected in the year 18/19.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

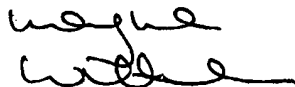
AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on ~~6 June 18~~ 6 June 18 and signed on the board's behalf by:



**M Wilkinson
Chair of Trustees**



**C Delor
Accounting Officer**

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Hotwells Primary School Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------------------------|-------------------|-------------------|
| M Wilkinson, Chair of Trustees | 6 | 6 |
| C McConnell, Vice Chair | 6 | 6 |
| C Delor | 6 | 6 |
| C Adams | 5 | 6 |
| C Bond | 4 | 6 |
| J DeHavilland | 3 | 6 |
| D Douglas | 5 | 6 |
| M Edwards | 5 | 6 |
| R Howe | 6 | 6 |
| R Logan | 6 | 6 |
| C Morris | 6 | 6 |
| E Talfan Davies | 5 | 6 |
| J Dimpleby | 4 | 5 |
| S Healey | 5 | 5 |
| A Mustafa | 2 | 5 |
| S Flynn | 2 | 2 |
| J Thomas | 1 | 2 |

There have been a number of new appointments to the Board of Trustees during the year. A skills review of the Board of Trustees has been used when considering all new appointments.

Governance reviews:

In 17/18 the FGB carried out a self Assessment exercise .

There were no external reviews of Governance in the school year 17/18. On 18 & 19 September, Ofsted reviewed the school . They judged "The Effectiveness of Leadership and Management" as Requiring Improvement . They advised that there should be an external review of governance . This will now be commissioned as soon as practicable and will form part of the improvement plan for the school .

At the end of the year, the Board of Trustees analysed the challenges and successes of the year. The school had a good year in 2017/18 celebrating both academic and sporting success.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Finance and Resources Committee is a sub committee of the main Board of Trustees. It's main function is to advise the Headteacher on general financial matters relating to the School and its premises, including to:

- Ensure the school financial resources are used effectively to have the greatest impact on pupils learning;
- Work with the Headteacher to plan and set the annual budget;
- Monitor the effective use of the budget;
- Monitor the use of resources identified in the School Development Plan;
- Ensure the principles of best value are adhered to;
- Ensure financial regulations are adhered to and the highest standards of stewardship of public funds;
- Investigate financial irregularities; and
- Ensure Health and Safety practices and procedures are reviewed and kept up to date.

The Finance and Resources Committee met 6 times during the year.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------------------------|-------------------|-------------------|
| R Howe | 1 | 4 |
| E Talfan Davies | 5 | 6 |
| C Delor | 6 | 6 |
| C Adams | 4 | 6 |
| J DeHavilland | 4 | 6 |
| S Flynn | 0 | 2 |
| M Wilkinson, Chair of Trustees | 6 | 6 |
| R Logan | 6 | 6 |

The Audit and Risk Review Committee is also a sub-committee of the main Board of Trustees. It is responsible for all matters relating to the adequacy and effectiveness of the school's system of internal control, and also for the performance of the statutory audit.

The Audit and Risk Review Committee met 2 times during the year.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| M Wilkinson | 2 | 2 |
| C Delor | 2 | 2 |
| R Logan | 2 | 2 |

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

- Monitoring the opening hours of the Nursery and charging for Wednesday afternoon (outside of the 15 hours)
- Creating a marketing strategy for improving numbers;
- Reviewing the staffing structure and making changes to allocated resourcing in the best possible way
- Offering staff the opportunity to reduce their hours
- Taking part in the NW24 Inset day and working with schools to share knowledge, training and improve efficiencies

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

• Throughout 2017/18, there have been discussions and investigations relating to Hotwells moving from a stand alone Academy to joining a Multi Academy Trust (MAT). To begin with this was in response to statements from central government and the Regional Schools Commissioner which indicated that it was the expectation that all schools would join a MAT. Subsequently, this advice has been substantially diluted. However, in considering the schools medium and long term future, the FGB chose to continue to explore the options of joining a MAT. There have now been a series of meetings and conversations within and external to NW24. A MAT working group has been formed and FGB have been updated, received presentations and met outside of the normal meeting cycle. Decisions re the way forward will be made in the academic year 2018/19.

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 Trust 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 Hotwells Primary School Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current year included:

- Accounting systems
- Divisions of duty and finance processes
- Payroll system and process

On a termly basis, the external auditors report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The work has been carried out according to the planned schedule and no material control issues have arisen.

**HOTWELLS PRIMARY SCHOOL TRUST
(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:

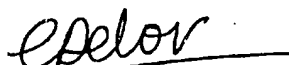
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 6 December 2018 and signed on their behalf, by:



**M Wilkinson
Chair of Trustees**



**C Delor
Accounting Officer**

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hotwells Primary School Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



**C Delor
Accounting Officer**

6/12/18

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

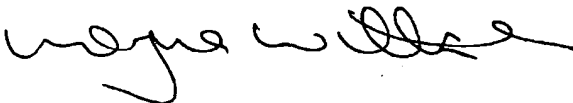
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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



**M Wilkinson
Chair of Trustees**

Date: 6 December 2018

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOTWELLS PRIMARY SCHOOL TRUST**

OPINION

We have audited the financial statements of Hotwells Primary School Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOTWELLS PRIMARY SCHOOL TRUST**

required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOTWELLS PRIMARY SCHOOL TRUST**

USE OF OUR REPORT

This report is made solely to the Academy Trust'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 Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

David Butler FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: *19 December 2018*

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HOTWELLS
PRIMARY SCHOOL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 4 March 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hotwells Primary School Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF HOTWELLS PRIMARY SCHOOL TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Hotwells Primary School Trust's funding agreement with the Secretary of State for Education dated 21 March 2014, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

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

Bishop Fleming LLP

David Butler FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: *19 December 2018*

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 11,467 | 5,756 | 6,450 | 23,673 | 29,095 |
| Charitable activities | 3 | 117,053 | 889,685 | - | 1,006,738 | 1,016,387 |
| Other trading activities | 4 | 5,359 | - | - | 5,359 | 5,886 |
| Investments | 5 | 69 | - | - | 69 | 122 |
| TOTAL INCOME | | 133,948 | 895,441 | 6,450 | 1,035,839 | 1,051,490 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 129,751 | 931,050 | 44,786 | 1,105,587 | 1,187,329 |
| TOTAL EXPENDITURE | 6 | 129,751 | 931,050 | 44,786 | 1,105,587 | 1,187,329 |
| NET BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 4,197 | (35,609) | (38,336) | (69,748) | (135,839) |
| Actuarial gains on defined benefit pension schemes | 24 | - | 67,000 | - | 67,000 | 173,000 |
| NET MOVEMENT IN FUNDS | | 4,197 | 31,391 | (38,336) | (2,748) | 37,161 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 35,385 | (470,836) | 2,381,974 | 1,946,523 | 1,909,362 |
| TOTAL FUNDS CARRIED FORWARD | | 39,582 | (439,445) | 2,343,638 | 1,943,775 | 1,946,523 |

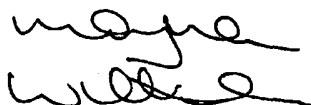
The notes on pages 26 to 47 form part of these financial statements.

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08920557

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|---|------|------------------|-------------------------|------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | | 2,354,673 | | 2,375,828 |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 55,358 | | 26,887 | |
| Cash at bank and in hand | | 87,571 | | 111,251 | |
| | | <u>142,929</u> | | <u>138,138</u> | |
| CREDITORS: amounts falling due within one year | 15 | (94,827) | | (75,443) | |
| NET CURRENT ASSETS | | | <u>48,102</u> | | <u>62,695</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>2,402,775</u> | | <u>2,438,523</u> |
| Defined benefit pension scheme liability | 24 | | (459,000) | | (492,000) |
| NET ASSETS | | | <u><u>1,943,775</u></u> | | <u><u>1,946,523</u></u> |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted funds: | | | | | |
| General funds | 18 | 19,555 | | 21,164 | |
| Fixed asset funds | 18 | 2,343,638 | | 2,381,974 | |
| Restricted funds excluding pension liability | | <u>2,363,193</u> | | <u>2,403,138</u> | |
| Pension reserve | | <u>(459,000)</u> | | <u>(492,000)</u> | |
| Total restricted funds | | | <u>1,904,193</u> | | <u>1,911,138</u> |
| Unrestricted funds | 18 | | <u>39,582</u> | | <u>35,385</u> |
| TOTAL FUNDS | | | <u><u>1,943,775</u></u> | | <u><u>1,946,523</u></u> |

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue, on 6 December 2018 and are signed on their behalf, by:



M Wilkinson
Chair of Trustees

The notes on pages 26 to 47 form part of these financial statements.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | 2018 £ | 2017 £ |
|--|-------------|----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 22 | <u>(6,566)</u> | <u>(179,660)</u> |
| Cash flows from investing activities: | | | |
| Interest received | | 69 | 122 |
| Purchase of tangible fixed assets | | (23,631) | (6,258) |
| Capital grants from DfE Group | | <u>6,450</u> | <u>6,527</u> |
| Net cash (used in)/provided by investing activities | | <u>(17,112)</u> | <u>391</u> |
| Change in cash and cash equivalents in the year | | (23,678) | (179,269) |
| Cash and cash equivalents brought forward | | <u>111,251</u> | <u>290,520</u> |
| Cash and cash equivalents carried forward | 22 | <u>87,573</u> | <u>111,251</u> |

The notes on pages 26 to 47 form part of these financial statements.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Hotwells Primary School Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

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

1.3 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

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

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

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

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

1.5 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

On conversion the Academy was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------------------|---|-------------------------|
| Long term leasehold land | - | 125 years straight line |
| Long term leasehold buildings | - | 2% straight line |
| Property improvements | - | 10% straight line |
| Fixtures and fittings | - | 20% straight line |
| Computer equipment | - | 25% straight line |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

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

1.7 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Academy. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.10 LIABILITIES AND PROVISIONS

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

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.12 OPERATING LEASES

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

1.13 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.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing trip income from parents. Payments received from parents and subsequent disbursements to trip organisers are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The funds received, paid and any balances held at period end are disclosed in Note 26.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 11,467 | 5,756 | - | 17,223 | 22,568 |
| Capital grants | - | - | 6,450 | 6,450 | 6,527 |
| | <u>11,467</u> | <u>5,756</u> | <u>6,450</u> | <u>23,673</u> | <u>29,095</u> |
| Total 2017 | <u>16,134</u> | <u>6,434</u> | <u>6,527</u> | <u>29,095</u> | |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

3. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Education | 42,533 | 889,685 | 932,218 | 957,280 |
| Nursery | 74,520 | - | 74,520 | 59,107 |
| | <u>117,053</u> | <u>889,685</u> | <u>1,006,738</u> | <u>1,016,387</u> |
| Total 2017 | <u>100,097</u> | <u>916,290</u> | <u>1,016,387</u> | |

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 778,345 | 778,345 | 810,164 |
| Other DfE Group grants | - | 90,829 | 90,829 | 82,855 |
| High Needs | - | 20,511 | 20,511 | 23,271 |
| Internal catering income | 27,932 | - | 27,932 | 26,036 |
| Income for hosting trainee teachers | 2,401 | - | 2,401 | 2,864 |
| Other | 12,200 | - | 12,200 | 12,090 |
| | <u>42,533</u> | <u>889,685</u> | <u>932,218</u> | <u>957,280</u> |
| Total 2017 | <u>40,990</u> | <u>916,290</u> | <u>957,280</u> | |

4. INCOME FROM OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings | 3,112 | - | 3,112 | 3,367 |
| External catering | 2,247 | - | 2,247 | 2,519 |
| | <u>5,359</u> | <u>-</u> | <u>5,359</u> | <u>5,886</u> |
| Total 2017 | <u>5,886</u> | <u>-</u> | <u>5,886</u> | |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

5. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 69 | - | 69 | 122 |
| Total 2017 | 122 | - | 122 | |

6. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|---------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Education: | | | | | |
| Direct costs | 614,004 | 38,657 | 81,644 | 734,305 | 820,057 |
| Support costs | 97,005 | 54,976 | 146,891 | 298,872 | 299,492 |
| Nursery: | | | | | |
| Direct costs | 52,234 | - | 2,201 | 54,435 | 49,931 |
| Support costs | 8,775 | 4,562 | 4,638 | 17,975 | 17,849 |
| | <u>772,018</u> | <u>98,195</u> | <u>235,374</u> | <u>1,105,587</u> | <u>1,187,329</u> |
| Total 2017 | 863,693 | 80,113 | 243,523 | 1,187,329 | |

7. DIRECT COSTS

| | Education £ | Nursery £ | Total 2018 £ | Total 2017 £ |
|-----------------------|----------------|---------------|--------------------|--------------------|
| Pension finance costs | 6,000 | - | 6,000 | 9,000 |
| Educational supplies | 43,252 | 513 | 43,765 | 43,408 |
| Staff development | 5,281 | 236 | 5,517 | 4,223 |
| Other costs | 21,931 | 1,452 | 23,383 | 16,282 |
| Supply teachers | 86 | - | 86 | 1,413 |
| Technology costs | 4,968 | - | 4,968 | 4,388 |
| Wages and salaries | 487,440 | 42,838 | 530,278 | 585,488 |
| National insurance | 30,781 | 2,663 | 33,444 | 48,382 |
| Pension cost | 95,697 | 6,733 | 102,430 | 120,395 |
| Depreciation | 38,869 | - | 38,869 | 37,009 |
| | <u>734,305</u> | <u>54,435</u> | <u>788,740</u> | <u>869,988</u> |
| Total 2017 | 820,057 | 49,931 | 869,988 | |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

8. SUPPORT COSTS

| | Education £ | Nursery £ | Total 2018 £ | Total 2017 £ |
|---------------------------------------|----------------|---------------|--------------------|--------------------|
| Pension finance costs | 6,000 | - | 6,000 | 4,000 |
| Recruitment and support | 2,688 | 186 | 2,874 | 2,317 |
| Maintenance of premises and equipment | 18,360 | 1,489 | 19,849 | 13,164 |
| Cleaning | 20,079 | 1,628 | 21,707 | 19,291 |
| Rent and rates | 9,208 | 747 | 9,955 | 7,856 |
| Energy costs | 8,608 | 698 | 9,306 | 11,362 |
| Insurance | 3,723 | 425 | 4,148 | 4,480 |
| Security and transport | 10,133 | 62 | 10,195 | 9,050 |
| Catering | 64,409 | - | 64,409 | 63,365 |
| Technology costs | 15,370 | 1,757 | 17,127 | 18,599 |
| Office overheads | 2,062 | 236 | 2,298 | 1,594 |
| Legal and professional | 24,994 | 793 | 25,787 | 33,671 |
| Bank interest and charges | 503 | 58 | 561 | 288 |
| Governance | 9,813 | 1,121 | 10,934 | 11,469 |
| Wages and salaries | 63,688 | 7,279 | 70,967 | 77,090 |
| National insurance | 3,101 | 354 | 3,455 | 4,655 |
| Pension cost | 30,216 | 1,142 | 31,358 | 27,683 |
| Depreciation | 5,917 | - | 5,917 | 7,407 |
| | 298,872 | 17,975 | 316,847 | 317,341 |
| | 299,492 | 17,849 | 317,341 | |

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: | | |
| - owned by the Academy | 44,786 | 44,416 |
| Auditors' remuneration - audit | 6,990 | 7,010 |
| Auditors' remuneration - non audit | 1,710 | 2,295 |
| Operating lease rentals | 1,766 | 1,766 |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Wages and salaries | 601,245 | 659,937 |
| Social security costs | 36,899 | 53,037 |
| Operating costs of defined benefit pension schemes | 133,788 | 148,078 |
| | <u>771,932</u> | <u>861,052</u> |
| Agency staff costs | 86 | - |
| Staff restructuring costs | - | 2,641 |
| | <u>772,018</u> | <u>863,693</u> |

b. Staff numbers

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

| | 2018 No. | 2017 No. |
|-----------------------------|-------------|-------------|
| Teachers | 12 | 12 |
| Educational Support | 15 | 16 |
| Administration and Clerical | 6 | 6 |
| Management | 2 | 2 |
| | <u>35</u> | <u>36</u> |

Average headcount expressed as a full time equivalent:

| | 2018 | 2017 |
|-----------------------------|-----------|-----------|
| Teachers | 10 | 11 |
| Educational Support | 7 | 8 |
| Administration and Clerical | 2 | 3 |
| Management | 2 | 2 |
| | <u>21</u> | <u>24</u> |

No employee received remuneration amounting to more than £60,000 in either year.

c. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £262,590 (2017: £264,151).

As Staff Trustees are not remunerated in respect of their role as a Trustee, where Staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

11. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their employment contracts, and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: C Delor: Remuneration £45,000 - £50,000 (2017: £45,000 - £50,000), Employer's Pension £5,000 - £10,000 (2017: £5,000 - £10,000), M Edwards: Remuneration £40,000 - £45,000 (2017: £35,000 - £40,000), Employer's Pension £5,000 - £10,000 (2017: £5,000 - £10,000), E Talfan Davis: Remuneration £5,000 - £10,000 (2017: £5,000 - £10,000), Employer's Pension £0 - £5,000 (2017: £0 - £5,000).

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £48 to 1 Trustee).

Other related party transactions involving the Trustees are set out in note 26.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. TANGIBLE FIXED ASSETS

| | Long term leasehold land and buildings £ | Property improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|--|-------------------------------|-------------------------------|----------------------------|------------|
| COST | | | | | |
| At 1 September 2017 | 2,391,787 | 83,071 | 5,020 | 21,274 | 2,501,152 |
| Additions | - | 23,631 | - | - | 23,631 |
| At 31 August 2018 | 2,391,787 | 106,702 | 5,020 | 21,274 | 2,524,783 |
| DEPRECIATION | | | | | |
| At 1 September 2017 | 89,361 | 23,728 | 2,498 | 9,737 | 125,324 |
| Charge for the year | 29,787 | 8,676 | 1,004 | 5,319 | 44,786 |
| At 31 August 2018 | 119,148 | 32,404 | 3,502 | 15,056 | 170,110 |
| NET BOOK VALUE | | | | | |
| At 31 August 2018 | 2,272,639 | 74,298 | 1,518 | 6,218 | 2,354,673 |
| At 31 August 2017 | 2,302,426 | 59,343 | 2,522 | 11,537 | 2,375,828 |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

14. DEBTORS

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 2,471 | 205 |
| VAT recoverable | 20,107 | 7,186 |
| Other debtors | 506 | 506 |
| Prepayments and accrued income | 32,274 | 18,990 |
| | <u>55,358</u> | <u>26,887</u> |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 34,344 | 17,518 |
| Other taxation and social security | 10,350 | 11,066 |
| Other creditors | - | 14,090 |
| Accruals and deferred income | 50,133 | 32,769 |
| | <u>94,827</u> | <u>75,443</u> |

| | 2018 | 2017 |
|--------------------------------------|---------------|---------------|
| | £ | £ |
| DEFERRED INCOME | | |
| Deferred income at 1 September | 17,390 | 19,509 |
| Resources deferred during the year | 19,985 | 17,390 |
| Amounts released from previous years | (17,390) | (19,509) |
| Deferred income at 31 August 2018 | <u>19,985</u> | <u>17,390</u> |

At the Balance Sheet date the Academy was holding UIFSM and rates in advance for the 2018/19 academic year.

16. LOANS

During the year, the Academy entered into an emergency CIF loan with a loan amount of £32,250. As at the year end, no monies had been received and has therefore not been recognised in the financial statements. The loan is repayable in monthly installments over 10 years with an applicable annual interest rate of 1.85%.

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

17. FINANCIAL INSTRUMENTS

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | £ | £ |
| Financial assets measured at amortised cost | 108,559 | 121,334 |
| Financial liabilities measured at amortised cost | (64,492) | (32,897) |

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Carried forward £ |
|---|-------------------------|------------------|--------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | |
| Nursery | - | 74,520 | (72,410) | - | 2,110 |
| General funds | 35,385 | 59,428 | (57,341) | - | 37,472 |
| | <u>35,385</u> | <u>133,948</u> | <u>(129,751)</u> | <u>-</u> | <u>39,582</u> |
| RESTRICTED FUNDS | | | | | |
| | Brought forward £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Carried forward £ |
| General Annual Grant (GAG) | 18,249 | 782,288 | (791,571) | - | 8,966 |
| High Needs | - | 20,511 | (20,511) | - | - |
| Pupil Premium | - | 38,297 | (38,297) | - | - |
| Universal Infant Free School Meals (UIFSM) | - | 30,809 | (30,809) | - | - |
| PE and Sports Grant | 1,993 | 17,780 | (10,106) | - | 9,667 |
| Trip income | 922 | 5,361 | (5,361) | - | 922 |
| Other restricted funds | - | 395 | (395) | - | - |
| Pension reserve | (492,000) | - | (34,000) | 67,000 | (459,000) |
| | <u>(470,836)</u> | <u>895,441</u> | <u>(931,050)</u> | <u>67,000</u> | <u>(439,445)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | |
| | Brought forward £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Carried forward £ |
| Fixed assets transferred on conversion | 2,302,426 | - | (29,787) | - | 2,272,639 |
| Fixed assets purchased from GAG and other restricted funds | 17,778 | - | (3,812) | - | 13,966 |
| DfE/ESFA Capital grants | 54,770 | 6,450 | (10,187) | - | 51,033 |
| Donations | 7,000 | - | (1,000) | - | 6,000 |
| | <u>2,381,974</u> | <u>6,450</u> | <u>(44,786)</u> | <u>-</u> | <u>2,343,638</u> |
| Total restricted funds | <u>1,911,138</u> | <u>901,891</u> | <u>(975,836)</u> | <u>67,000</u> | <u>1,904,193</u> |
| Total of funds | <u>1,946,523</u> | <u>1,035,839</u> | <u>(1,105,587)</u> | <u>67,000</u> | <u>1,943,775</u> |

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

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy Trust, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

18. STATEMENT OF FUNDS (continued)

needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy Trust to address the current underlying inequalities between those children and their wealthier peers.

Universal Infant Free School Meals (UIFSM) - Funding received from the ESFA for the provision of infant free school meals.

PE Sports Grant – This represents funding received from the ESFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

Trip income - Income received from parents for children to be able to attend school trips.

Pension reserve – This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy Trust.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the School from the Local Authority on conversion to an Academy Trust.

DfE/ESFA Capital Grants - This represents funding received for devolved capital and from the Capital Investment Fund (previously Academy Capital Maintenance Fund) to cover the maintenance and purchase of the Academy Trust's assets.

Donations - This represents a donation made from the Parent Teacher Association for the provision of The Green Project.

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

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|----------------------|--|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| GENERAL FUNDS | | | | | | |
| Nursery | - | 59,107 | (67,780) | 8,673 | - | - |
| General funds | 41,398 | 63,132 | (60,472) | (8,673) | - | 35,385 |

RESTRICTED FUNDS

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|---|--|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| General Annual Grant (GAG) | 65,925 | 810,164 | (857,840) | - | - | 18,249 |
| High Needs | - | 23,271 | (23,271) | - | - | - |
| Donations | - | 2,580 | (2,580) | - | - | - |
| Pupil Premium | - | 43,165 | (43,165) | - | - | - |
| Universal Infant Free School Meals (UIFSM) | - | 28,405 | (28,405) | - | - | - |
| PE and Sports Grant | 1,254 | 8,900 | (8,161) | - | - | 1,993 |
| Trip income | 922 | 3,854 | (3,854) | - | - | 922 |
| Other restricted funds | - | 2,385 | (2,385) | - | - | - |
| Pension reserve | (620,000) | - | (45,000) | - | 173,000 | (492,000) |
| | (551,899) | 922,724 | (1,014,661) | - | 173,000 | (470,836) |

RESTRICTED FIXED ASSET FUNDS

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|--|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Fixed assets transferred on conversion | 2,332,213 | - | (29,787) | - | - | 2,302,426 |
| Fixed assets purchased from GAG and other restricted funds | 20,677 | - | (2,899) | - | - | 17,778 |
| DfE/ESFA Capital grants | 59,013 | 6,527 | (10,770) | - | - | 54,770 |
| Donations | 7,960 | - | (960) | - | - | 7,000 |
| | 2,419,863 | 6,527 | (44,416) | - | - | 2,381,974 |
| Total restricted funds | 1,867,964 | 929,251 | (1,059,077) | - | 173,000 | 1,911,138 |
| Total of funds | 1,909,362 | 1,051,490 | (1,187,329) | - | 173,000 | 1,946,523 |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 2,354,673 | 2,354,673 |
| Current assets | 39,583 | 94,431 | 8,915 | 142,929 |
| Creditors due within one year | - | (74,877) | (19,950) | (94,827) |
| Pension scheme liability | - | (459,000) | - | (459,000) |
| Difference | (1) | 1 | - | - |
| | <u>39,582</u> | <u>(439,445)</u> | <u>2,343,638</u> | <u>1,943,775</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 2,375,828 | 2,375,828 |
| Current assets | 35,385 | 96,607 | 6,146 | 138,138 |
| Creditors due within one year | - | (75,443) | - | (75,443) |
| Provisions for liabilities and charges | - | (492,000) | - | (492,000) |
| | <u>35,385</u> | <u>(470,836)</u> | <u>2,381,974</u> | <u>1,946,523</u> |

20. MEMBERS' LIABILITY

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

21. GENERAL INFORMATION

Hotwells Primary School Trust is a company limited by guarantee incorporated in England and Wales. The registered office is Hope Chapel Hill, Hotwells, Bristol, BS8 4ND.

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

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

| | 2018 £ | 2017 £ |
|---|----------------|------------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (69,748) | (135,839) |
| Adjustment for: | | |
| Depreciation charges | 44,786 | 44,416 |
| Interest received | (69) | (122) |
| (Increase)/decrease in debtors | (28,470) | 23,857 |
| Increase/(decrease) in creditors | 19,385 | (150,445) |
| Capital grants from DfE and other capital income | (6,450) | (6,527) |
| Defined benefit pension scheme cost less contributions payable | 22,000 | 32,000 |
| Defined benefit pension scheme finance cost | 12,000 | 13,000 |
| Net cash used in operating activities | (6,566) | (179,660) |

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|--------------------------|---------------|----------------|
| Cash at bank and in hand | 87,573 | 111,251 |
| | 87,573 | 111,251 |

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

24. PENSION COMMITMENTS

The Academy Trust'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 Avon Pension Fund. Both are multi-employer Defined Benefit Pension Schemes.

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

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £64,046 (2017: £67,956).

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

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

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

24. PENSION COMMITMENTS (continued)

set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £57,000 (2017: £56,000), of which employer's contributions totalled £46,000 (2017: £44,000) and employees' contributions totalled £11,000 (2017: £12,000). The agreed contribution rates for future years are 15.2% for employers and 5.5-12.5% 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.

Principal actuarial assumptions:

| | 2018 | 2017 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 3.60 % | 3.70 % |
| Rate of increase for pensions in payment / inflation | 2.20 % | 2.20 % |
| Inflation assumption (CPI) | 2.10 % | 2.20 % |

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

| | 2018 | 2017 |
|----------------------|------------|------------|
| Retiring today | | |
| Males | 23.6 years | 23.5 years |
| Females | 26.1 years | 26.0 years |
| Retiring in 20 years | | |
| Males | 26.2 years | 26.0 years |
| Females | 28.8 years | 28.7 years |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

24. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets in the scheme was:

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|-------------------------------------|---|---|
| Equities | 122,000 | 121,000 |
| Bonds | 74,000 | 47,000 |
| Property | - | - |
| Property | 29,000 | 22,000 |
| Cash and other liquid assets | 12,000 | 9,000 |
| Other | 74,000 | 47,000 |
| Total market value of assets | 311,000 | 246,000 |

The actual return on scheme assets was £13,000 (2017: £21,000).

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

| | 2018 £ | 2017 £ |
|----------------------|-----------------|-----------------|
| Current service cost | (68,000) | (76,000) |
| Past service cost | (7,875) | (7,042) |
| Interest income | 6,000 | 4,000 |
| Interest cost | (18,000) | (17,000) |
| Total | (87,875) | (96,042) |

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

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Opening defined benefit obligation | 738,000 | 828,000 |
| Current service cost | 68,000 | 76,000 |
| Interest cost | 18,000 | 17,000 |
| Employee contributions | 11,000 | 12,000 |
| Actuarial gains | (61,000) | (190,000) |
| Benefits paid | (4,000) | (5,000) |
| Closing defined benefit obligation | 770,000 | 738,000 |

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

24. PENSION COMMITMENTS (continued)

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

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Opening fair value of scheme assets | 247,000 | 208,000 |
| Interest income | 5,000 | 6,000 |
| Actuarial gains/(losses) | 6,000 | (17,000) |
| Employer contributions | 46,000 | 44,000 |
| Employee contributions | 11,000 | 12,000 |
| Benefits paid | (4,000) | (5,000) |
| Administration expenses | (1,000) | (1,000) |
| Closing fair value of scheme assets | 310,000 | 247,000 |

25. OPERATING LEASE COMMITMENTS

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

| | 2018 £ | 2017 £ |
|-------------------------|-----------|-----------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 3,003 | 1,766 |
| Between 1 and 5 years | 26,862 | - |
| Total | 29,865 | 1,766 |

26. RELATED PARTY TRANSACTIONS

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

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the Academy Trust may have 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.

27. AGENCY ARRANGEMENTS

The Academy Trust distributes trip income from students as an agent for the trip organisers. In the accounting period ended 31 August 2018 the Academy Trust received £14,655 and disbursed £14,655 from the fund.