

Registration number: 09318755

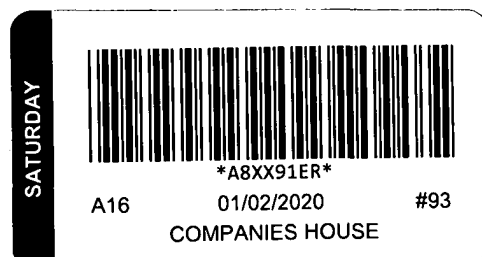
Hinckley Academy and John Cleveland Sixth Form Centre

(A company limited by guarantee)

Annual Report and Consolidated Financial Statements

for the Year Ended 31 August 2019

Haines Watts Leicester LLP
Chartered Accountants and Registered Auditor
Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ



Hinckley Academy and John Cleveland Sixth Form Centre

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Hinckley Academy and John Cleveland Sixth Form Centre

Reference and Administrative Details

| | |
|---|--|
| Members | Mr Paul Brown (Chair) (resigned 10 January 2019) Mr Geoff Wass Mrs Catherine Herd Mrs Sue Bull |
| Governors and Trustees (Directors) | Mr Paul Brown (Chair) (resigned 10 January 2019) Mr Andrew Christon (resigned 9 September 2018) Mr Chris Harvey Ms Jackie Payne Mrs Ann Wright Mrs Angela Wortley Mr Dean Cahill Mrs Catherine Herd (Acting-Chair) Mr Richard Parkin Mr Barry Haytree (Acting-Chair) Mr Richard Cahill Mr Darren Grewcock (resigned 1 September 2018) Mr Geoff Wass Mrs Julie Selby Mr Tom Cheney (appointed 20 September 2018) Mr Stuart Kay (resigned 13 November 2018) Mr Ian Daniels (appointed 1 February 2019) |
| Senior Management Team | Mr Richard Cahill, Principal Ms Azizah Pathan, Vice Principal (Teaching, Learning and SENDCO) Mrs Dawn Guzzetta, Vice Principal (HR and Safeguarding) Mr Graeme Price, Assistant Principal (Pupil Premium and Assessment) Ms Janet Paterson, Assistant Principal and Head of Sixth Form Ms Julie Selby, Business Manager |
| Principal and Registered Office | Butt Lane Hinckley Leicestershire LE10 1LE |
| Company Registration Number | 09318755 |

Hinckley Academy and John Cleveland Sixth Form Centre

Reference and Administrative Details (continued)

| | |
|-------------------|--|
| Auditors | Haines Watts Leicester LLP Chartered Accountants and Registered Auditor Hamilton Office Park 31 High View Close Leicester LE4 9LJ |
| Bankers | Lloyds Bank 17-23 Coventry Street Nuneaton Warwickshire CV11 5TD |
| Solicitors | County Solicitors Leicestershire County Council County Hall Glenfield Leicester LE3 8RB |

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019

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

The Trust operates an Academy for pupils aged 11 to 19 serving a catchment area covering Hinckley. It has a pupil capacity of 1,860 and had a roll of 1,245 in the school census taken in October 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company registration number is 09318755.

The governors act as the trustees for the charitable activities of Hinckley Academy and John Cleveland Sixth Form Centre and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

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.

Trustees' indemnities

A Trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Trust.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Method of recruitment and appointment or election of Trustees

Article 45 of the articles of association state that the number of Governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Article 46 state that subject to Articles 48-49 and 64, the Academy Trust shall have the following Governors;

- a) Six community Governors, appointed under Article 50;
- b) Three Foundation Governors, appointed under Article 60;
- c) Three staff Governors, appointed under Article 51;
- d) Six Parent Governors, appointed under Articles 53-58;
- e) The Principal;
- f) Any Additional Governors, if appointed under Article 59

Article 47 states The Academy Trust may have any Co-opted Governor appointed under Article 59.

Article 48 states The first Governors shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

Article 49 states Future Governors shall be appointed or elected, as the case may be, under these Articles.

Articles 50 to 58 "Appointment of Governors" are as follows;

50. The Members may appoint up to six Governors.

50A The total number of Governors (including the Principal) who are employees of the Academy Trust shall not exceed one third of the total number of Governors.

51. The Members may appoint Staff Governors through such process as they may determine,

52. Not Used

53. Subject to Article 57, the Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

54. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

55. The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

56. Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

57. The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

58. In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

59. The Governors may appoint Co-opted Governors. A Co-opted Governor means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal)

60. The Governors may appoint up to three Governors who at the date of appointment are Trustees of and nominated by the John Cleveland Foundation.

61 to 64 Not used

Article 65 states The Term of office for any Governor shall be four years. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected

Article 66 states A Governor shall cease to hold office if he resigns his office by notice to the Academy Trust (but only if at least three Governors will remain in office when the notice of resignation is to take effect).

Article 67 states A Governor shall cease to hold office if he is removed by the person or persons who appointed him. This Article does not apply in respect of a Parent Governor.

Article 68 states Where a Governor resigns his office or is removed from office, the Governor or, where he is removed from office, those removing him shall give written notice thereof to the clerk.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience. The Trust purchases support through Leicestershire Governor Support service which provides for individual and Full Board of Trustees training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. The Trust will perform an annual skills audit of trustees, should any gaps be identified training courses are offered to address these issues.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Organisational structure

The Board of Trustees is responsible for the strategic direction of the academy. The Board reviews progress towards educational objectives and results and have an overview of all important matters pertinent to the school.

The Board of Trustees delegates responsibility for monitoring and developing the quality of teaching and learning to the Teaching and Learning Committee.

The Board of Trustees delegates responsibility for monitoring achievement and student progress to the Standards and Achievement Committee.

The Board has delegated responsibility to the Finance and Personnel Committee to set and recommend to them the budget, to monitor income and expenditure, authorise large items of capital and revenue expenditure, write of debts, dispose of assets to identify and review risk and internal control and all other strategic financial matters including the premises and ICT strategies. The committee also reviews issues relating to human resources and approves minor changes to the staffing structure of the College.

The Board of Trustees has delegated responsibility for monitoring and reviewing matters concerning safeguarding, health, safety and wellbeing to the Safeguarding, Health, Safety and Wellbeing committee.

The governing body delegates the review of risk, internal control, receiving audit reports and independent quality assurance to the Audit and Compliance committee.

The Principal is the delegated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the trust. This is supported by the Director of Finance who is the Principal Financial Officer. The Principal has delegated low values of expenditure to budget holders who are each responsible for managing their areas of responsibility within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Principal manages the Academy on a daily basis supported by the leadership team. The leadership team meets weekly to discuss emerging matters and suggest solutions and strategies for future development to be considered by the Principal and Board of Trustees, as required, for approval. Each member of the leadership team has specific delegated responsibilities to assist the Principal to manage certain aspects of the school.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Arrangements for setting pay and remuneration of key management personnel

Leadership Teacher Posts (Principal, Vice and Assistant Principals)

The pay ranges for the Principal, Vice Principals and Assistant Principals will be determined in accordance with the criteria specified in the School Teachers' Pay and Conditions Document and ensuring fair pay relativities.

The Board of Trustees has established the pay ranges for the Principal, Vice Principals and Assistant Principals.

The Board of Trustees will normally appoint new leadership team at the bottom point of the relevant pay range.

The Board of Trustees will pay teachers as Vice or Assistant Principals only where the Board of Trustees is satisfied that, in the context of the teacher's duties, the role includes a significant responsibility that is not required of all classroom teachers or TLR holders, and that the role –

- (a) is focused on teaching and learning;
- (b) requires the exercise of a teacher's professional skills and judgment;
- (c) requires the teacher to lead and manage the school through:
 - development of teaching and learning priorities across the school;
 - accountability for the standards of achievement and behaviour of students across the school;
 - accountability for the planning and deployment of the school's resources;
 - leading policy development and implementation across the school in accordance with statutory provisions;
 - managing whole school operational activity;
 - working with external bodies and agencies; and
 - securing students' access to their educational entitlements;
- (d) has an impact on the educational progress of the school's students;
- (e) involves leading, developing and enhancing the teaching practice of the school's staff; and
- (f) includes line management responsibility for a significant number of people and/or the line management of other line managers.

In the case of a Vice Principal post, the Board of Trustees must also be satisfied that this significant responsibility features a job weight which exceeds that expected of an Assistant Principal employed in the same school, including responsibility for discharging in full the responsibilities of the Principal in his/her absence.

Connected organisations, including related party relationships

The Academy Trust has a subsidiary undertaking John Cleveland Services Limited and it owns the entire share capital of the company. John Cleveland Services Limited activities are to provide catering services, and leisure facilities for the Academy Trust.

In addition, Hinckley Academy works with John Cleveland College Community Woodheat Cooperative (JCCCWC) who provide heat sales to the Academy. JCCCWC provide and maintain the Biomass Boiler, gas boiler back up and Solar PV panels and sell the energy to the school at a competitive rate whilst providing returns for their shareholders. Hinckley Academy and JCCCWC are continuing to investigate further ways in which they can work together in order to reduce the energy bills for the school.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Objectives and activities

Objects and aims

Objects and Aims

The objects and aims of the school are to:

- Provide excellent teaching and learning to students
- Ensure that all students are encouraged to meet their potential
- Raise the aspirations of all students
- Have robust data and information systems
- Ensure that students are motivated and have excellent behaviour for learning
- Ensure that students are safe and secure
- Ensure that the vulnerable students receive extra support through use of pupil premium money and other interventions
- Ensure that students requiring additional support due to SEND, behavioural, academic or emotional needs are identified and appropriate interventions put in place
- Provide a range of extra-curricular activities for both students and the wider community to access
- Seek to provide good links to the wider community and to work in partnership with other organisations for the good of the young people and community at large
- Provide excellent leadership and governance
- Motivate staff and encourage continuing professional development for all who work for or attend the school
- Establish and maintain a partnership with parents/carers to support students in achieving their academic and social potential
- Invest in the school buildings, grounds, ICT and infra-structure
- Establish and maintain a partnership with parents/carers to support students in achieving their academic and social potential
- Invest in the school buildings, grounds, ICT and infra-structure

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Objectives, strategies and activities

The School has implemented a range of activities and strategies over the last year which is detailed in the Strategic Priorities 2016 – 19 and the highlights are summarised below:

Priority 1:

Create a cohesive learning culture for students and staff. Develop and embed The HAJC6 way.

Priority aim:

A coherent understanding of the vision for Hinckley Academy, consistent expectations of how the values of; Trust, Respect, Unite and Excel (TRUE) translate into everyday actions and learning behaviours. Every member of the HAJC community feels valued, challenged and supported.

Priority 2:

Develop leadership at all levels including student leadership. Empower leadership throughout HAJC6.

Priority aim:

High quality leadership behaviours are developed among staff and students. Leaders at all levels feel empowered to make a difference. Challenge and support for developing leadership is an integral part of academy life.

Priority 3:

Have a first class and deserved reputation in the local community and beyond.

Priority aim:

Hinckley Academy and John Cleveland Sixth Form Centre is the school of choice in the area, enjoying a deserved reputation for high quality education and support of other schools in the local and wider community. Intake at both Year 7 and Year 12 are in line with catchment data and rising.

Pupil premium money was used to provide each critical year 11 student with access to a learning mentor along with other initiatives including dedicated outreach workers who worked with an identified caseload of the neediest of the pupil premium cohort. This resulted in a marked improvement of attendance of these students and some improvement of the attainment of a number of these students.

Various interventions took place across the student population to raise attainment, most notably in English and Maths. The other key interventions were addressed through the More Able and Boys Achievement groups as well as selected students from our Gifted and Talented population who were identified as under-achieving.

The staff and governors continued to improve Teaching and Learning through the work of the Teaching and Learning Group and Teaching and Learning committee through embedding initiatives such as the HAJC6 Way which outlined the expectations within classrooms.

The School continues to maintain its excellent reputation by providing outstanding performances by its students in the areas of Music and the Arts. The academy continues to enjoy success at both local and national level in competitive sport. The School and its students continue to work with, raise money for and volunteer for several charities.

The staff and governors continued to improve Teaching and Learning through the work of the Teaching and Learning Group and Teaching and Learning committee through embedding initiatives such 'Marginal Gains' and the launch of the HAJC6 Way which outlined the expectations within classrooms.

The School continues to maintain its excellent reputation by providing outstanding performances by its students in the areas of Music and the Arts. The academy continues to enjoy success at both local and national level in competitive sport. The School and its students continue to work with, raise money for and volunteer for several charities.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Public benefit

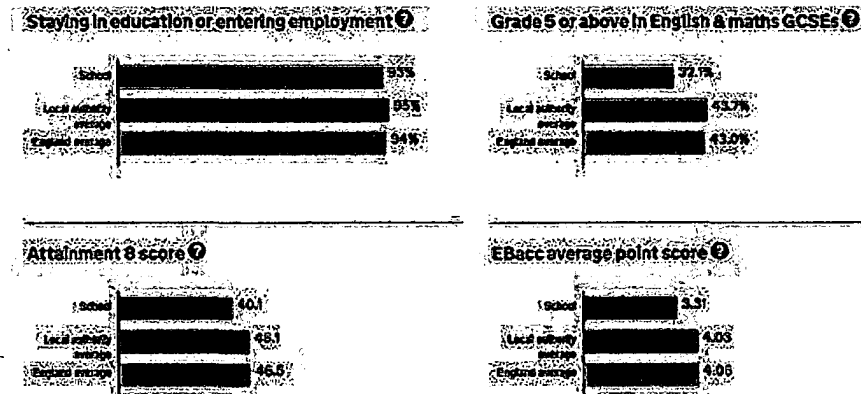
The Trustees have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Trustees' Report for the Year Ended 31 August 2019 (continued)

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report (continued)



Going concern

The academy trust is in the process of joining a multi-academy trust working with the ESFA and the DFE. The target date for conversion is April 1st 2020. Given that the original conversion date was April 2019 the academy trust is now reliant on additional funding from the ESFA to maintain operations. On the basis of continued financial support from the ESFA prior to joining a multi-academy trust, the trustees have concluded that the academy trust is a going concern.

Financial review

The principal sources of income during the year were the General Annual Grant, rental/lettings income, contribution to trips and catering income. The expenditure during the year has solely supported the key objectives of the academy in providing education to the students.

The total funding for the academy's educational operations for 2018/19 was £6,286,450 (2018: £6,465,343) which was derived mainly from General Annual Grant income of £5,850,996 (2018: £6,023,397).

Net expenditure for the year was £1,152,430 (2018: £122,976), however this is after depreciation charges of £225,327 (2018: £226,968).

Net current liabilities at the year end were £752,112 (2018: net liabilities of £324,791) with cash balances of £10,610 (2018: £70,043). Total funds have reduced from £3,313,657 in 2018 to £615,227 as at the balance sheet date with the predominant reason being the increase in the pension scheme liability from £4,066,000 to £6,025,000.

Financial and risk management objectives and policies

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

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report (continued)

Reserves policy

As at 31 August 2019, the restricted pension reserve amounted to a deficit £6,025,000 (2018: £4,066,000). It should be noted that this does not present the Trust with any current liquidity problems.

As at 31 August 2019, the restricted general reserves for the group were a deficit of £756,670 (2018: £440,000).

The Academy Trust has restricted fixed asset funds, with a balance of £8,478,266 (2018: £8,112,247) which is in respect of fixed assets and capital expenditure of the Academy Trust. These funds will only be realised by disposing of the tangible assets.

The policy of the school is to carry forward where possible a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen circumstances, subject to the constraint that the level of resources does not exceed the level permitted by the Education and Skills Funding Agency. The school believes that it should have the long term aim to establish a prudent level of free reserves of approximately one month's worth of expenditure.

The Trustees regularly review the reserves of the academy and consider them to be acceptable due to the current pressures but would expect them to increase over time. Governors will keep the situation under review.

Investment policy

The academy holds investments in the John Cleveland College Community Woodheat Co-operative which were made in January and May 2015. These investments equated to £20,000 and £15,000 respectively in return for investment in energy saving infrastructure on the site. The investment pays dividends and produces savings for the use of energy within the school over the next 20 years.

The school did not make any further investments for the year ended 31st August 2019.

If and when the school has surplus funds it will look to invest this cash having due regard to the short and medium term requirements for funds. Surplus funds will be invested into bank accounts to give the best possible returns for the year of time the funds are to be invested. Apart from our main bankers (Lloyds) we will restrict amounts invested in one institution to reduce risk.

All investments to be made will be on the advice of our bankers or a recognised financial advisor and permission will be sought from the Finance and Personnel committee prior to any investment.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report (continued)

Principal risks and uncertainties

The trustees have prepared a risk register to identify and prioritise the major risks facing the Academy Trust. Control procedures, target dates and those accountable have also been identified. The register will be monitored internally and reviewed annually by the Board of Trustees. The policies which are set by the board of trustee's with respect to financial and risk management are implemented and communicated by the principal.

The Principal Risks to the school are as follows

- Loss of (or reduction in) funding due to students transferring to other schools
- Damage and deterioration to buildings, ICT and facilities preventing the delivery of education.
- Loss of experienced staff in key areas, as a result of poor OFSTED grading
- Insufficient action to address underperformance by critical groups of students.
- Reduced staff morale due to uncertainty, reduced funding leading to under performance.
- Lack of reserves and inevitability of further reductions in order to avoid a deficit budget

Plans for future periods

The key strategic priorities for the academy going forward continue to be:
Improve the OFSTED rating and key performance measures through the delivery of the OFSTED Action Plan including reviews of Pupil Premium spending and Governance. The overall strategic intent of the academy continues to be delivered through the following priorities:

Priority 1:

Create a cohesive learning culture for students and staff. Develop and embed The HAJC6 way.

Priority aim:

A coherent understanding of the vision for Hinckley Academy, consistent expectations of how the values of; Trust, Respect, Unite and Excel (TRUE) translate into everyday actions and learning behaviours. Every member of the HAJC community feels valued, challenged and supported.

Priority 2:

Develop leadership at all levels including student leadership. Empower leadership throughout HAJC6.

Priority aim:

High quality leadership behaviours are developed among staff and students. Leaders at all levels feel empowered to make a difference. Challenge and support for developing leadership is an integral part of academy life.

Priority 3:

Have a first class and deserved reputation in the local community and beyond.

Priority aim:

Hinckley Academy and John Cleveland Sixth Form Centre is the school of choice in the area, enjoying a deserved reputation for high quality education and support of other schools in the local and wider community. Intake at both Year 7 and Year 12 are in line with catchment data and rising.

In addition to the above priorities, the academy continues to ensure that the financial situation be kept under close review via an overhaul of existing policies and procedures to ensure best value for money in all transactions, service agreements and leases.

Funds held as Custodian Trustee on behalf of others

The Academy Trust holds funds as custodian on behalf of those post-16 students who are entitled to and in receipt of the Post-16 Bursary. Further details are given in note 27.

Hinckley Academy and John Cleveland Sixth Form Centre

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report (continued)

Auditor

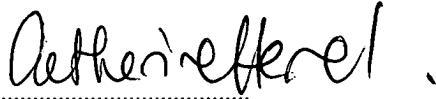
Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Haines Watts Leicester LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 30 December 2019 and signed on its behalf by:



.....
Mrs Catherine Herd (Acting-Chair)
Governor and trustee

Hinckley Academy and John Cleveland Sixth Form Centre

Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Hinckley Academy and John Cleveland Sixth Form Centre 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 Mr Richard Cahill, 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 Hinckley Academy and John Cleveland Sixth Form Centre 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 |
|---------------------------------|------------------------------|------------------------------|
| Mr Paul Brown (Chair) | 3 | 4 |
| Mr Geoff Wass | 2 | 6 |
| Mrs Catherine Herd | 6 | 6 |
| Mr Chris Harvey | 6 | 6 |
| Ms Jackie Payne | 3 | 6 |
| Mrs Ann Wright | 3 | 6 |
| Mrs Angela Wortley | 5 | 6 |
| Mr Dean Cahill | 5 | 6 |
| Mr Richard Parkin | 5 | 6 |
| Mr Richard Cahill | 5 | 6 |
| Mrs Julie Selby | 2 | 5 |
| Mr Tom Cheney | 3 | 6 |
| Mr Stuart Kay | 1 | 2 |
| Mr Barry Haytree (Acting-Chair) | 6 | 6 |
| Mr Ian Daniels | 2 | 2 |

Governance reviews

Trustees have completed training and development throughout the year including training on interpreting data and safeguarding.

On-going training as identified in the FNTI and associated action plan also took place.

The full Governing Body has delegated all financial matters excluding setting the budget for the new school to its Finance and Personnel committee. The budget for this academic year was set by the Hinckley Academy and John Cleveland Sixth Form Centre board of trustees.

Hinckley Academy and John Cleveland Sixth Form Centre

Governance Statement (continued)

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to to monitor, review and evaluate the use of financial and personnel resources within the Academy Trust.

Areas of Focus for 2018/19:

Financial Notice to Improve

Recovery and action plans

Significant personnel issues and assurance of improved controls

Attendance at meetings during the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------|--------------------------|--------------------------|
| Mr Geoff Wass | 4 | 6 |
| Mr Paul Brown (Chair) | 4 | 4 |
| Mr Richard Cahill | 6 | 6 |
| Mrs Julie Selby | 5 | 6 |
| Mrs Ann Wright | 6 | 6 |
| Mr Richard Parkin | 5 | 6 |
| Mr Tom Cheney | 5 | 6 |
| Mrs Catherine Herd | 3 | 6 |
| Mr Barry Haytree (Acting-Chair) | 3 | 6 |
| Ms Jackie Payne | 4 | 6 |

Review of value for money

As accounting officer the member 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 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 available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Reducing overtime for non-essential activities
- undertaking a review of both curriculum and staffing
- reduced cover costs through the implementation of a cover rota
- encouraged trading activity and increased profitability of catering by raising of prices in line with inflation
- created a central stock of learning resources for department use
- implemented spending freezes during difficult periods
- overseen the authorisation of all orders and invoices
- reduced energy costs through the JCC Woodheat Co-operative
- kept the salary costs to a minimum through using temporary appointments and not filling vacancies.

Hinckley Academy and John Cleveland Sixth Form Centre

Governance Statement (continued)

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 Hinckley Academy and John Cleveland Sixth Form Centre for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy 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 ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 Personnel Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Service as internal auditor.

- to appoint Leicestershire County Council Internal Audit Service as internal auditor
- The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis the internal auditor reports to the Audit and Compliance committee and the Finance and Personnel committee as appropriate.

A review of the previous financial year was carried out and an action plan for improvement was delivered to the Finance and Personnel Committee via the Accounting Officer. Actions from this plan have been addressed by the Accounting Officer and verified by a review undertaken on behalf of the Finance and Personnel Committee by one of its members.

Hinckley Academy and John Cleveland Sixth Form Centre

Governance Statement (continued)

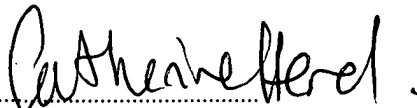
Review of effectiveness

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


- the previous work and advice of the internal auditor ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the School Business Manager and the Finance and Personnel Team who have responsibility for the development and maintenance of the internal control framework and review by the Finance and Personnel Committee members.

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

Approved by order of the members of the Board of Trustees on 30 December 2019 and signed on its behalf by:



Mrs Catherine Herd (Acting-Chair)
Governor and trustee



Mr Richard Cahill
Accounting officer
Governor and trustee

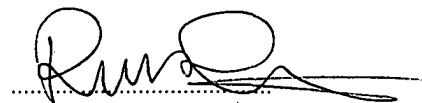
Hinckley Academy and John Cleveland Sixth Form Centre

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Hinckley Academy and John Cleveland Sixth Form Centre I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018.

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 2018.

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



Mr Richard Cahill
Accounting officer

30 December 2019

Hinckley Academy and John Cleveland Sixth Form Centre

Statement of Trustees' Responsibilities

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

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

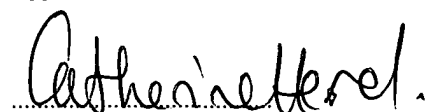
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 on 30 December 2019 and signed on its behalf by:



Mrs Catherine Herd (Acting-Chair)
Governor and trustee

Hinckley Academy and John Cleveland Sixth Form Centre

Independent Auditor's Report on the Financial Statements to the Members of Hinckley Academy and John Cleveland Sixth Form Centre

Opinion

We have audited the financial statements of Hinckley Academy and John Cleveland Sixth Form Centre (the 'Academy') and its subsidiaries (the 'Group') for the year ended 31 August 2019, which comprise the Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Academy trust's affairs at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We draw attention to Note 1 in the financial statements, which states that the Group is reliant on the continued financial support of the ESFA.

Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

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 auditor's 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.

Hinckley Academy and John Cleveland Sixth Form Centre

Independent Auditor's Report on the Financial Statements to the Members of Hinckley Academy and John Cleveland Sixth Form Centre (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have 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 Group and the parent Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

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

- adequate accounting records have not been kept by the parent Academy, 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 [set out on page 21], the Trustees 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 Group's and the parent Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Hinckley Academy and John Cleveland Sixth Form Centre

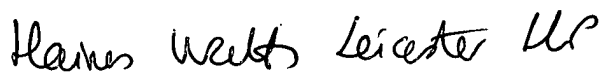
Independent Auditor's Report on the Financial Statements to the Members of Hinckley Academy and John Cleveland Sixth Form Centre (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable parent company's Trustees, 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 Group's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Buckby FCA (Senior Statutory Auditor)
For and on behalf of Haines Watts Leicester LLP, Statutory Auditor

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

30 December 2019

Hinckley Academy and John Cleveland Sixth Form Centre

Independent Reporting Accountant's Report on Regularity to Hinckley Academy and John Cleveland Sixth Form Centre and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 11 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hinckley Academy and John Cleveland Sixth Form Centre during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hinckley Academy and John Cleveland Sixth Form Centre and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Hinckley Academy and John Cleveland Sixth Form Centre 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 Hinckley Academy and John Cleveland Sixth Form Centre and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Board of Trustees's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 22 January 2015 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.

We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.

We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

Hinckley Academy and John Cleveland Sixth Form Centre

Independent Reporting Accountant's Report on Regularity to Hinckley Academy and John Cleveland Sixth Form Centre and the Education & Skills Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.

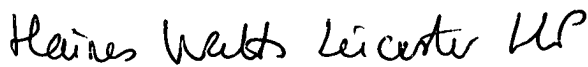
Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.

- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.

We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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 from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Buckby FCA

For and on behalf of Haines Watts Leicester LLP, Chartered Accountants

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

30 December 2019

Hinckley Academy and John Cleveland Sixth Form Centre

Consolidated Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | 2018/19 Total £ |
|---|------|----------------------------|-------------------------------------|---|-----------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | - | - | 442,464 | 442,464 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 6,137,568 | 148,882 | 6,286,450 |
| Other trading activities | 4 | 470,655 | 126,620 | - | 597,275 |
| Investments | 5 | 177 | - | - | 177 |
| Total | | <u>470,832</u> | <u>6,264,188</u> | <u>591,346</u> | <u>7,326,366</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | 165,164 | - | - | 165,164 |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | | <u>195,773</u> | <u>7,892,532</u> | <u>225,327</u> | <u>8,313,632</u> |
| Total | | <u>360,937</u> | <u>7,892,532</u> | <u>225,327</u> | <u>8,478,796</u> |
| Net income/(expenditure) | | 109,895 | (1,628,344) | 366,019 | (1,152,430) |
| Transfers between funds | | (898,674) | 898,674 | - | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 25 | <u>-</u> | <u>(1,546,000)</u> | <u>-</u> | <u>(1,546,000)</u> |
| Net movement in (deficit)/funds | | (788,779) | (2,275,670) | 366,019 | (2,698,430) |
| Reconciliation of funds | | | | | |
| Total (deficit)/funds brought forward at 1 September 2018 | | <u>(292,590)</u> | <u>(4,506,000)</u> | <u>8,112,247</u> | <u>3,313,657</u> |
| Total (deficit)/funds carried forward at 31 August 2019 | | <u>(1,081,369)</u> | <u>(6,781,670)</u> | <u>8,478,266</u> | <u>615,227</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Consolidated Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | 2017/18 Total £ |
|---|------|----------------------------|-------------------------------------|---|-----------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | - | 18,184 | 775,720 | 793,904 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 6,435,108 | 30,235 | 6,465,343 |
| Other trading activities | 4 | 528,011 | 13,734 | - | 541,745 |
| Investments | 5 | 2,015 | - | - | 2,015 |
| Total | | <u>530,026</u> | <u>6,467,026</u> | <u>805,955</u> | <u>7,803,007</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | 297,764 | - | - | 297,764 |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | | <u>119,177</u> | <u>7,282,074</u> | <u>226,968</u> | <u>7,628,219</u> |
| Total | | <u>416,941</u> | <u>7,282,074</u> | <u>226,968</u> | <u>7,925,983</u> |
| Net income/(expenditure) | | 113,085 | (815,048) | 578,987 | (122,976) |
| Transfers between funds | | (473,684) | 471,048 | 2,636 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 25 | <u>-</u> | <u>802,000</u> | <u>-</u> | <u>802,000</u> |
| Net movement in (deficit)/funds | | (360,599) | 458,000 | 581,623 | 679,024 |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2017 | | <u>68,009</u> | <u>(4,964,000)</u> | <u>7,530,624</u> | <u>2,634,633</u> |
| Total (deficit)/funds carried forward at 31 August 2018 | | <u>(292,590)</u> | <u>(4,506,000)</u> | <u>8,112,247</u> | <u>3,313,657</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

(Registration number: 09318755)

Consolidated Balance Sheet as at 31 August 2019

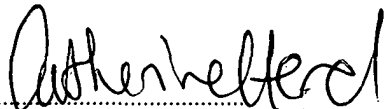
| | Note | 2019 £ | 2018 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 8,116,805 | 8,112,247 |
| Investments | 12 | <u>32,201</u> | <u>32,201</u> |
| | | <u>8,149,006</u> | <u>8,144,448</u> |
| Current assets | | | |
| Stocks | 13 | - | 2,902 |
| Debtors | 14 | 127,149 | 573,888 |
| Cash at bank and in hand | | <u>10,610</u> | <u>70,043</u> |
| | | 137,759 | 646,833 |
| Creditors: Amounts falling due within one year | 15 | <u>(889,871)</u> | <u>(971,624)</u> |
| Net current liabilities | | <u>(752,112)</u> | <u>(324,791)</u> |
| Total assets less current liabilities | | 7,396,894 | 7,819,657 |
| Creditors: Amounts falling due after more than one year | 16 | <u>(756,667)</u> | <u>(440,000)</u> |
| Net assets excluding pension liability | | 6,640,227 | 7,379,657 |
| Pension scheme liability | 25 | <u>(6,025,000)</u> | <u>(4,066,000)</u> |
| Net assets including pension liability | | <u>615,227</u> | <u>3,313,657</u> |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | (756,670) | (440,000) |
| Restricted fixed asset fund | | 8,478,266 | 8,112,247 |
| Restricted pension fund | | <u>(6,025,000)</u> | <u>(4,066,000)</u> |
| | | 1,696,596 | 3,606,247 |
| Unrestricted funds | | | |
| Unrestricted general fund | | <u>(1,081,369)</u> | <u>(292,590)</u> |
| Total funds | | <u>615,227</u> | <u>3,313,657</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

(Registration number: 09318755)

Consolidated Balance Sheet as at 31 August 2019 (continued)

The financial statements on pages 27 to 59 were approved by the Trustees, and authorised for issue on 30 December 2019 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Catherine Herd', written over a dotted line.

Mrs Catherine Herd (Acting-Chair)
Governor and trustee

Hinckley Academy and John Cleveland Sixth Form Centre

(Registration number: 09318755)
Balance Sheet as at 31 August 2019

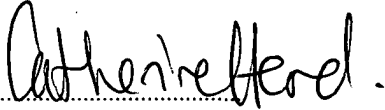
| | Note | 2019 £ | 2018 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 8,116,805 | 8,112,247 |
| Investments | 12 | <u>32,202</u> | <u>32,202</u> |
| | | <u>8,149,007</u> | <u>8,144,449</u> |
| Current assets | | | |
| Debtors | 14 | 216,598 | 674,227 |
| Cash at bank and in hand | | <u>8,991</u> | <u>67,080</u> |
| | | 225,589 | 741,307 |
| Creditors: Amounts falling due within one year | 15 | <u>(882,121)</u> | <u>(964,325)</u> |
| Net current liabilities | | <u>(656,532)</u> | <u>(223,018)</u> |
| Total assets less current liabilities | | 7,492,475 | 7,921,431 |
| Creditors: Amounts falling due after more than one year | 16 | <u>(756,667)</u> | <u>(440,000)</u> |
| Net assets excluding pension liability | | 6,735,808 | 7,481,431 |
| Pension scheme liability | 25 | <u>(6,025,000)</u> | <u>(4,066,000)</u> |
| Net assets including pension liability | | <u>710,808</u> | <u>3,415,431</u> |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | (756,668) | (440,000) |
| Restricted fixed asset fund | | 8,478,266 | 8,112,247 |
| Restricted pension fund | | <u>(6,025,000)</u> | <u>(4,066,000)</u> |
| | | 1,696,598 | 3,606,247 |
| Unrestricted funds | | | |
| Unrestricted general fund | | <u>(985,790)</u> | <u>(190,816)</u> |
| Total funds | | <u>710,808</u> | <u>3,415,431</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

(Registration number: 09318755)

Balance Sheet as at 31 August 2019 (continued)

The financial statements were approved by the Trustees, and authorised for issue on 30 December 2019 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Catherine Herd', written over a dotted line.

Mrs Catherine Herd (Acting-Chair)
Governor and trustee

Hinckley Academy and John Cleveland Sixth Form Centre

Consolidated Statement of Cash Flows for the Year Ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|---|-------------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 21 | (588,856) | (154,779) |
| Cash flows from investing activities | 22 | 212,755 | (118,892) |
| Cash flows from financing activities | | <u>316,668</u> | <u>-</u> |
| Change in cash and cash equivalents in the year | | (59,433) | (273,671) |
| Cash and cash equivalents at 1 September | | <u>70,043</u> | <u>343,714</u> |
| Cash and cash equivalents at 31 August | 23 | <u><u>10,610</u></u> | <u><u>70,043</u></u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of preparation

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 company 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.

The academy trust is in the process of joining a multi-academy trust working with the ESFA and the DFE. The target date for conversion is April 1st 2020. Given that the original conversion date was April 2019, the academy trust is now reliant on additional funding from the ESFA to maintain operations. On the basis of continued financial support from the ESFA prior to joining a multi-academy trust, the trustees have concluded that the academy trust is a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its sole subsidiary undertaking. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

| Asset class | Depreciation method and rate |
|--------------------------|-------------------------------------|
| Long leasehold buildings | 50 years |
| Furniture and equipment | 3 to 10 years |
| Computer equipment | 3 years |
| Motor vehicles | 3 years |

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust 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.

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Investments

The Academy's shareholding in the wholly owned subsidiary, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Financial Instruments

The academy trust 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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust 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 trust 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.

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

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 Group.

Critical accounting estimates and areas of judgement

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

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 31/08/2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 0% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

Subsidiary undertaking

The financial statements include the results of John Cleveland Services Limited, a wholly owned subsidiary. Further details of the subsidiary and its results are set out in note 12. Profits generated by the subsidiary will be passed to the Academy via gift aid.

2 Donations and capital grants

| | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|-----------------|---|--------------------------------|--------------------------------|
| Capital grants | 442,464 | 442,464 | 775,720 |
| Other donations | - | - | 18,184 |
| | <u>442,464</u> | <u>442,464</u> | <u>793,904</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3 Funding for the Academy Trust's educational operations

| | Restricted funds £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---|--------------------------|---|-----------------------|-----------------------|
| DfE/ESFA capital grants | | | | |
| Devolved capital grant | - | 148,882 | 148,882 | 30,235 |
| DfE/ESFA revenue grants | | | | |
| Other DfE/ESFA grants | 230,679 | - | 230,679 | 197,752 |
| General Annual Grant (GAG) | <u>5,850,996</u> | <u>-</u> | <u>5,850,996</u> | <u>6,023,397</u> |
| | 6,081,675 | - | 6,081,675 | 6,221,149 |
| Other government grants | | | | |
| Other government grants | - | - | - | 41,888 |
| Non-government grants and other income | | | | |
| Other income | <u>55,893</u> | <u>-</u> | <u>55,893</u> | <u>172,071</u> |
| Total grants | <u>6,137,568</u> | <u>148,882</u> | <u>6,286,450</u> | <u>6,465,343</u> |

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|--------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Hire of facilities | 105,947 | - | 105,947 | 111,986 |
| Catering income | 172,227 | - | 172,227 | 206,096 |
| Other sales | <u>192,481</u> | <u>126,620</u> | <u>319,101</u> | <u>223,663</u> |
| | <u>470,655</u> | <u>126,620</u> | <u>597,275</u> | <u>541,745</u> |

5 Investment income

| | Unrestricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---------------------|----------------------------|-----------------------|-----------------------|
| Short term deposits | <u>177</u> | <u>177</u> | <u>2,015</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Expenditure

| | Non Pay Expenditure | | | 2018/19 | 2017/18 |
|--|----------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | Staff costs | Premises | Other costs | Total | Total |
| | £ | £ | £ | £ | £ |
| Expenditure on raising funds | | | | | |
| Allocated support costs | 65,999 | - | 99,165 | 165,164 | 297,764 |
| Academy's educational operations | | | | | |
| Direct costs | 5,192,741 | 225,327 | 539,516 | 5,957,584 | 5,504,865 |
| Allocated support costs | <u>1,252,928</u> | <u>710,486</u> | <u>392,634</u> | <u>2,356,048</u> | <u>2,123,354</u> |
| | <u><u>6,511,668</u></u> | <u><u>935,813</u></u> | <u><u>1,031,315</u></u> | <u><u>8,478,796</u></u> | <u><u>7,925,983</u></u> |
| Net income/(expenditure) for the year includes: | | | | | |
| | | | | 2018/19 | 2017/18 |
| | | | | £ | £ |
| Operating lease rentals | | | | 44,000 | 112,204 |
| Depreciation | | | | 225,327 | 226,968 |
| Fees payable to auditor - audit | | | | <u>15,500</u> | <u>15,250</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

7 Charitable activities

| | | 2018/19 £ | 2017/18 £ |
|--|---|--------------------------------|--------------------------------|
| Direct costs - educational operations | | 5,957,584 | 5,504,865 |
| Support costs - educational operations | | <u>2,356,048</u> | <u>2,123,354</u> |
| | | <u>8,313,632</u> | <u>7,628,219</u> |
| | Educational operations £ | 2018/19 Total £ | 2017/18 Total £ |
| Analysis of support costs | | | |
| Support staff costs | 1,252,928 | 1,252,928 | 1,107,181 |
| Technology costs | 15,784 | 15,784 | 22,555 |
| Premises costs | 710,486 | 710,486 | 594,365 |
| Other support costs | 360,500 | 360,500 | 383,153 |
| Governance costs | <u>16,350</u> | <u>16,350</u> | <u>16,100</u> |
| Total support costs | <u>2,356,048</u> | <u>2,356,048</u> | <u>2,123,354</u> |

8 Staff

Staff costs

| | 2018/19 £ | 2017/18 £ |
|--|------------------|------------------|
| Staff costs during the year were: | | |
| Wages and salaries | 4,727,533 | 4,602,424 |
| Social security costs | 442,742 | 409,441 |
| Operating costs of defined benefit pension schemes | <u>1,146,131</u> | <u>1,027,144</u> |
| | 6,316,406 | 6,039,009 |
| Supply staff costs | 175,454 | 54,840 |
| Staff development and other staff costs | <u>19,808</u> | <u>20,769</u> |
| | <u>6,511,668</u> | <u>6,114,618</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff (continued)

Staff numbers

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

| | 2018/19 No | 2017/18 No |
|------------------------------|---------------|---------------|
| Charitable Activities | | |
| Teachers | 81 | 76 |
| Administration and support | 95 | 85 |
| Management | 9 | 9 |
| | <u>185</u> | <u>170</u> |

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | 2019 No | 2018 No |
|-------------------|------------|------------|
| £60,001 - £70,000 | 1 | - |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | <u>1</u> | <u>1</u> |

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £483,020 (2018: £434,309).

9 Related party transactions - trustees' remuneration and expenses

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

Mr Richard Cahill (Principal):

Remuneration: £85,000 - £90,000 (2018 - £85,000 - £90,000)

Employer's pension contributions: £10,000 - £15,000 (2018 - £10,000 - £15,000)

Mr Darren Grewcock (Teacher):

Remuneration: £5,000 - £10,000 (2018 - £10,000 - £15,000)

Employer's pension contributions: £0 - £5,000 (2018 - £0 - £5,000)

Mrs Julie Selby (Business manager):

Remuneration: £45,000 - £50,000 (2018 - £30,000 - £35,000)

Employer's pension contributions: £10,000 - £15,000 (2018 - £5,000 - £10,000)

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

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2019 was £999 (2018 - £1,184).

The cost of this insurance is included in the total insurance cost.

11 Tangible fixed assets

Group and Company

| | Leasehold land and buildings £ | Furniture and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|-----------------------|---|---------------------------------|----------------------------|------------------------|------------------|
| Cost | | | | | |
| At 1 September 2018 | 8,975,612 | 417,801 | 237,473 | 12,975 | 9,643,861 |
| Additions | <u>218,602</u> | <u>-</u> | <u>11,284</u> | <u>-</u> | <u>229,886</u> |
| At 31 August 2019 | <u>9,194,214</u> | <u>417,801</u> | <u>248,757</u> | <u>12,975</u> | <u>9,873,747</u> |
| Depreciation | | | | | |
| At 1 September 2018 | 950,510 | 348,168 | 219,962 | 12,975 | 1,531,615 |
| Charge for the year | <u>183,118</u> | <u>28,777</u> | <u>13,432</u> | <u>-</u> | <u>225,327</u> |
| At 31 August 2019 | <u>1,133,628</u> | <u>376,945</u> | <u>233,394</u> | <u>12,975</u> | <u>1,756,942</u> |
| Net book value | | | | | |
| At 31 August 2019 | <u>8,060,586</u> | <u>40,856</u> | <u>15,363</u> | <u>-</u> | <u>8,116,805</u> |
| At 31 August 2018 | <u>8,025,102</u> | <u>69,633</u> | <u>17,511</u> | <u>-</u> | <u>8,112,246</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

12 Investments

Group

| | Other Investment £ |
|-----------------------|--------------------------|
| Fair value | |
| At 1 September 2018 | <u>32,201</u> |
| Provision | |
| At 31 August 2019 | <u>-</u> |
| Net book value | |
| At 31 August 2019 | <u><u>32,201</u></u> |

The Academy owns 100% of the Ordinary shares of John Cleveland Services Limited, a company incorporated in England and Wales. The principal activity of the company is the provision of catering services and leisure facilities. Turnover for the year ended 31 August 2019 was £132,992, expenditure was £123,897 and the profit/(loss) for the year was £9,095. The assets of the company at 31 August 2019 were £12,645, liabilities were £105,323 and capital and reserves were (£92,678).

Other investment represents the Academy Trust investment in John Cleveland College Community Woodheat Co-operative Limited. For further details, please see the Trustees' Report.

Company

| | Other investment £ |
|-----------------------|--------------------------|
| Fair value | |
| At 1 September 2018 | <u>32,202</u> |
| Provision | |
| At 31 August 2019 | <u>-</u> |
| Net book value | |
| At 31 August 2019 | <u><u>32,202</u></u> |

13 Stock

| | Group | | Company | |
|----------|-----------|--------------|-----------|-----------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Catering | <u>-</u> | <u>2,902</u> | <u>-</u> | <u>-</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14 Debtors

| | Group | | Company | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Trade debtors | 44,483 | 10,350 | 38,694 | 7,940 |
| VAT recoverable | 6,362 | 4 | 4,027 | 4 |
| Other debtors | - | 105 | - | - |
| Prepayments | 30,227 | 43,843 | 30,227 | 43,109 |
| Accrued grant and other income | 46,077 | 519,586 | 46,077 | 519,586 |
| Amount due from group undertaking | - | - | 97,573 | 103,588 |
| | <u>127,149</u> | <u>573,888</u> | <u>216,598</u> | <u>674,227</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Trade creditors | 298,728 | 712,676 | 293,472 | 707,871 |
| Other taxation and social security | 108,519 | 140,554 | 108,519 | 140,554 |
| Other creditors | 435,708 | 24,682 | 435,708 | 24,682 |
| Accruals | 30,789 | 36,842 | 28,295 | 34,348 |
| Deferred income | 16,127 | 56,870 | 16,127 | 56,870 |
| | <u>889,871</u> | <u>971,624</u> | <u>882,121</u> | <u>964,325</u> |

Group

| | 2019 | 2018 |
|--|-----------------|-----------------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2018 | 56,870 | 47,466 |
| Resources deferred in the period | 16,127 | 56,870 |
| Amounts released from previous periods | <u>(56,870)</u> | <u>(47,466)</u> |
| Deferred income at 31 August 2019 | <u>16,127</u> | <u>56,870</u> |

At 31 August 2019 the group had deferred income in respect of trips income relating to the 19/20 financial year.

Company

| | 2019 | 2018 |
|--|-----------------|-----------------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2018 | 56,870 | 47,466 |
| Resources deferred in the period | 16,127 | 56,870 |
| Amounts released from previous periods | <u>(56,870)</u> | <u>(47,466)</u> |
| Deferred income at 31 August 2019 | <u>16,127</u> | <u>56,870</u> |

At 31 August 2019 the Academy had deferred income in respect of trips income relating to the 19/20 financial year.

16 Creditors: amounts falling due after one year

| | Group | | Company | |
|-------|----------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Loans | <u>756,667</u> | <u>440,000</u> | <u>756,667</u> | <u>440,000</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Creditors: amounts falling due after one year (continued)

The other loans are from ESFA and are long term with no repayments scheduled.

17 Funds

Group

| | Balance at 1 September 2018 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|--|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (440,000) | 5,802,854 | (7,018,198) | 898,674 | (756,670) |
| Other DfE/ESFA grants | - | 230,679 | (230,679) | - | - |
| Other government grants | - | 47,967 | (47,967) | - | - |
| Other restricted funds | - | 182,688 | (182,688) | - | - |
| | <u>(440,000)</u> | <u>6,264,188</u> | <u>(7,479,532)</u> | <u>898,674</u> | <u>(756,670)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants and other capital grants and transfer from unrestricted reserves | 1,695,707 | 591,346 | (165,277) | - | 2,121,776 |
| Transfer on conversion | 6,407,750 | - | (57,045) | - | 6,350,705 |
| Private sector capital sponsorship | 8,790 | - | (3,005) | - | 5,785 |
| | <u>8,112,247</u> | <u>591,346</u> | <u>(225,327)</u> | <u>-</u> | <u>8,478,266</u> |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(4,066,000)</u> | <u>-</u> | <u>(413,000)</u> | <u>(1,546,000)</u> | <u>(6,025,000)</u> |
| Total restricted funds | 3,606,247 | 6,855,534 | (8,117,859) | (647,326) | 1,696,596 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>(292,590)</u> | <u>470,832</u> | <u>(360,937)</u> | <u>(898,674)</u> | <u>(1,081,369)</u> |
| Total funds | <u>3,313,657</u> | <u>7,326,366</u> | <u>(8,478,796)</u> | <u>(1,546,000)</u> | <u>615,227</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

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

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|--|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (440,000) | 6,023,397 | (6,494,445) | 471,048 | (440,000) |
| Other DfE/ESFA grants | - | 197,752 | (197,752) | - | - |
| Other government grants | - | 41,888 | (41,888) | - | - |
| Other restricted funds | - | 203,989 | (203,989) | - | - |
| | <u>(440,000)</u> | <u>6,467,026</u> | <u>(6,938,074)</u> | <u>471,048</u> | <u>(440,000)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants and other capital grants and transfer from unrestricted reserves | 1,054,034 | 805,955 | (166,918) | 2,636 | 1,695,707 |
| Transfer on conversion | 6,464,795 | - | (57,045) | - | 6,407,750 |
| Private sector capital sponsorship | 11,795 | - | (3,005) | - | 8,790 |
| | <u>7,530,624</u> | <u>805,955</u> | <u>(226,968)</u> | <u>2,636</u> | <u>8,112,247</u> |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(4,524,000)</u> | <u>-</u> | <u>(344,000)</u> | <u>802,000</u> | <u>(4,066,000)</u> |
| Total restricted funds | 2,566,624 | 7,272,981 | (7,509,042) | 1,275,684 | 3,606,247 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>68,009</u> | <u>530,026</u> | <u>(416,941)</u> | <u>(473,684)</u> | <u>(292,590)</u> |
| Total funds | <u>2,634,633</u> | <u>7,803,007</u> | <u>(7,925,983)</u> | <u>802,000</u> | <u>3,313,657</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

Company

| | Balance at 1 September 2018 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|--|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (440,000) | 5,821,633 | (7,036,975) | 898,674 | (756,668) |
| Other DfE/ESFA grants | - | 230,679 | (230,679) | - | - |
| Other government grants | - | 47,967 | (47,967) | - | - |
| Other restricted funds | - | 182,688 | (182,688) | - | - |
| | <u>(440,000)</u> | <u>6,282,967</u> | <u>(7,498,309)</u> | <u>898,674</u> | <u>(756,668)</u> |
| Restricted fixed asset funds | | | | | |
| Capital expenditure from GAG/unrestricted | 1,695,707 | 591,346 | (165,277) | - | 2,121,776 |
| Transferred on conversion | 6,407,750 | - | (57,045) | - | 6,350,705 |
| Private sector capital sponsorship | 8,790 | - | (3,005) | - | 5,785 |
| | <u>8,112,247</u> | <u>591,346</u> | <u>(225,327)</u> | <u>-</u> | <u>8,478,266</u> |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(4,066,000)</u> | <u>-</u> | <u>(413,000)</u> | <u>(1,546,000)</u> | <u>(6,025,000)</u> |
| Total restricted funds | 3,606,247 | 6,874,313 | (8,136,636) | (647,326) | 1,696,598 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>(190,816)</u> | <u>329,380</u> | <u>(225,680)</u> | <u>(898,674)</u> | <u>(985,790)</u> |
| Total funds | <u>3,415,431</u> | <u>7,203,693</u> | <u>(8,362,316)</u> | <u>(1,546,000)</u> | <u>710,808</u> |

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

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|---------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (440,000) | 6,023,397 | (6,494,445) | 471,048 | (440,000) |
| Other DfE/ESFA grants | - | 197,752 | (197,752) | - | - |
| Other government grants | - | 41,888 | (41,888) | - | - |
| Other restricted funds | - | 203,989 | (203,989) | - | - |
| | <u>(440,000)</u> | <u>6,467,026</u> | <u>(6,938,074)</u> | <u>471,048</u> | <u>(440,000)</u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|--|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted fixed asset funds | | | | | |
| Capital expenditure from GAG/unrestricted | 1,054,034 | 805,955 | (166,918) | 2,636 | 1,695,707 |
| Transferred on conversion | 6,464,795 | - | (57,045) | - | 6,407,750 |
| Private sector capital sponsorship | 11,795 | - | (3,005) | - | 8,790 |
| | <u>7,530,624</u> | <u>805,955</u> | <u>(226,968)</u> | <u>2,636</u> | <u>8,112,247</u> |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(4,524,000)</u> | <u>-</u> | <u>(344,000)</u> | <u>802,000</u> | <u>(4,066,000)</u> |
| Total restricted funds | 2,566,624 | 7,272,981 | (7,509,042) | 1,275,684 | 3,606,247 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>73,452</u> | <u>460,659</u> | <u>(251,243)</u> | <u>(473,684)</u> | <u>(190,816)</u> |
| Total funds | <u>2,640,076</u> | <u>7,733,640</u> | <u>(7,760,285)</u> | <u>802,000</u> | <u>3,415,431</u> |

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

Restricted general funds

General Annual Grant (GAG), other DfE/ESFA grants and local authority grants are to be applied for the primary purpose of the Academy Trust in line with the master funding agreement and other specific funding letters. This includes the pension reserve, which represents the potential liability due by the group at the year end.

Restricted fixed asset funds

The restricted fixed asset funds relate to the assets acquired on conversion to an Academy Trust, being the property and fixed assets purchased using grants.

Unrestricted funds

Unrestricted funds represent other incoming resources to the group applied for the general purposes of the Trust at the discretion of the Trustees.

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

18 Analysis of net assets between funds

Group

Fund balances at 31 August 2019 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|-------------------------------------|---|---|--------------------------|
| Tangible fixed assets | - | - | 8,116,805 | 8,116,805 |
| Investments | 32,201 | - | - | 32,201 |
| Current assets | 137,759 | - | - | 137,759 |
| Current liabilities | (1,251,331) | - | 361,460 | (889,871) |
| Creditors over 1 year | - | (756,667) | - | (756,667) |
| Pension scheme liability | - | (6,025,000) | - | (6,025,000) |
| Total net assets | (1,081,371) | (6,781,667) | 8,478,265 | 615,227 |

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

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|-------------------------------------|---|---|--------------------------|
| Tangible fixed assets | - | - | 8,112,247 | 8,112,247 |
| Investments | 32,201 | - | - | 32,201 |
| Current assets | 646,834 | - | - | 646,834 |
| Current liabilities | (971,625) | - | - | (971,625) |
| Creditors over 1 year | - | (440,000) | - | (440,000) |
| Pension scheme liability | - | (4,066,000) | - | (4,066,000) |
| Total net assets | (292,590) | (4,506,000) | 8,112,247 | 3,313,657 |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

18 Analysis of net assets between funds (continued)

Company

Fund balances at 31 August 2019 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|------------------|
| Tangible fixed assets | - | - | 8,116,805 | 8,116,805 |
| Investments | 32,202 | - | - | 32,202 |
| Current assets | 225,589 | - | 7,752 | 233,341 |
| Current liabilities | (1,243,580) | - | 353,709 | (889,871) |
| Creditors over 1 year | - | (756,667) | - | (756,667) |
| Pension scheme liability | - | (6,025,000) | - | (6,025,000) |
| Total net assets | <u>(985,789)</u> | <u>(6,781,667)</u> | <u>8,478,266</u> | <u>710,810</u> |

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

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|------------------|
| Tangible fixed assets | - | - | 8,112,247 | 8,112,247 |
| Investments | 32,202 | - | - | 32,202 |
| Current assets | 741,308 | - | - | 741,308 |
| Current liabilities | (964,326) | - | - | (964,326) |
| Creditors over 1 year | - | (440,000) | - | (440,000) |
| Pension scheme liability | - | (4,066,000) | - | (4,066,000) |
| Total net assets | <u>(190,816)</u> | <u>(4,506,000)</u> | <u>8,112,247</u> | <u>3,415,431</u> |

19 Capital commitments

Company

| | 2019 £ | 2018 £ |
|--|-----------|----------------|
| Contracted for, but not provided in the financial statements | <u>-</u> | <u>420,000</u> |

20 Commitments under operating leases

Group and Academy Trust

Operating leases - group

At 31 August 2019 the Group had annual commitments under non-cancellable operating leases as follows:

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

20 Commitments under operating leases (continued)

| | 2019 | 2018 |
|--|----------------------|-----------------------|
| | £ | £ |
| Amounts due within one year | 41,166 | 56,646 |
| Amounts due between one and five years | <u>21,804</u> | <u>63,051</u> |
| | <u><u>62,970</u></u> | <u><u>119,697</u></u> |

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

21 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

| | 2018/19 £ | 2017/18 £ |
|---|------------------|------------------|
| Net expenditure | (1,152,430) | (122,976) |
| Depreciation | 225,327 | 226,967 |
| Capital grants from DfE and other capital income | (442,464) | (775,720) |
| Interest receivable | (177) | (2,015) |
| Defined benefit pension scheme obligation inherited | 297,000 | 228,000 |
| Defined benefit pension scheme finance cost | 116,000 | 116,000 |
| Decrease/(increase) in stocks | 2,902 | (874) |
| Decrease/(increase) in debtors | 446,739 | (470,316) |
| (Decrease)/increase in creditors | (81,753) | 646,155 |
| Net cash used in Operating Activities | <u>(588,856)</u> | <u>(154,779)</u> |

22 Cash flows from investing activities

| | 2018/19 £ | 2017/18 £ |
|---|----------------|------------------|
| Dividends, interest and rents from investments | 177 | 2,015 |
| Purchase of tangible fixed assets | (229,886) | (899,426) |
| Proceeds from sale of investments | - | 2,799 |
| Capital funding received from sponsors and others | 442,464 | 775,720 |
| Net cash provided by/(used in) investing activities | <u>212,755</u> | <u>(118,892)</u> |

23 Analysis of cash and cash equivalents

| | 2019 £ | 2018 £ |
|---------------------------------|---------------|---------------|
| Cash at bank and in hand | 10,610 | 70,043 |
| Total cash and cash equivalents | <u>10,610</u> | <u>70,043</u> |

24 Members' liability

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

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £510,443 (2018: £492,267).

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

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Pension and similar obligations (continued)

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £414,000 (2018 - £381,000), of which employer's contributions totalled £336,000 (2018 - £305,000) and employees' contributions totalled £78,000 (2018 - £76,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

| | 2019 % | 2018 % |
|--|--------------|--------------|
| Rate of increase in salaries | 3.30 | 3.40 |
| Rate of increase for pensions in payment/inflation | 2.30 | 2.40 |
| Discount rate for scheme liabilities | 1.80 | 2.80 |
| Commutation of pensions to lump sums | <u>50.00</u> | <u>50.00</u> |

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

| | 2019 | 2018 |
|------------------------------|--------------|--------------|
| Retiring today | | |
| Males retiring today | 21.20 | 22.10 |
| Females retiring today | 23.40 | 24.30 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 22.20 | 23.80 |
| Females retiring in 20 years | <u>24.70</u> | <u>26.20</u> |

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

| | 2019 £ | 2018 £ |
|------------------------------|------------------|------------------|
| Equities | 3,401,000 | 3,228,000 |
| Other bonds | 1,818,000 | 1,406,000 |
| Property | 469,000 | 469,000 |
| Cash and other liquid assets | <u>176,000</u> | <u>104,000</u> |
| Total market value of assets | <u>5,864,000</u> | <u>5,207,000</u> |

The actual return on scheme assets was £347,000 (2018 - £228,000).

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

| | 2019 £ | 2018 £ |
|-------------------------------------|------------------|----------------|
| Current service cost | 493,000 | 533,000 |
| Past service cost | 140,000 | - |
| Interest income | 150,000 | 121,000 |
| Interest cost | 266,000 | 237,000 |
| Total amount recognised in the SOFA | <u>1,049,000</u> | <u>891,000</u> |

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

| | 2018/19 £ | 2017/18 £ |
|------------------------|-------------------|------------------|
| At start of period | 9,273,000 | 9,210,000 |
| Current service cost | 493,000 | 533,000 |
| Interest cost | 266,000 | 237,000 |
| Employee contributions | 78,000 | 76,000 |
| Actuarial (gain)/loss | 1,743,000 | (695,000) |
| Benefits paid | (104,000) | (88,000) |
| Past service cost | 140,000 | - |
| At 31 August | <u>11,889,000</u> | <u>9,273,000</u> |

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

| | 2018/19 £ | 2017/18 £ |
|------------------------|------------------|------------------|
| At start of period | 5,207,000 | 4,686,000 |
| Interest income | 150,000 | 121,000 |
| Actuarial gain/(loss) | 197,000 | 107,000 |
| Employer contributions | 336,000 | 305,000 |
| Employee contributions | 78,000 | 76,000 |
| Benefits paid | (104,000) | (88,000) |
| At 31 August | <u>5,864,000</u> | <u>5,207,000</u> |

26 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Hinckley Academy and John Cleveland Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Related party transactions (continued)

Expenditure related party transactions

During the year the academy made the following related party transactions:

Training & Skills (Jackie Payne) Services Limited

(A company in which Jackie Payne (a trustee of the Trust) is managing director.)

Purchase of training £1,259 (2018: £2,639). There were no amounts outstanding at 31 August 2019..

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due to Training & Skills (Jackie Payne) Services Limited was £Nil (2018 - £Nil).

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £29,385 and disbursed £8,964 from the fund. An amount of £45,100 is included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2018 are £35,382 received, £35,034 disbursed and £24,678 included in other creditors.