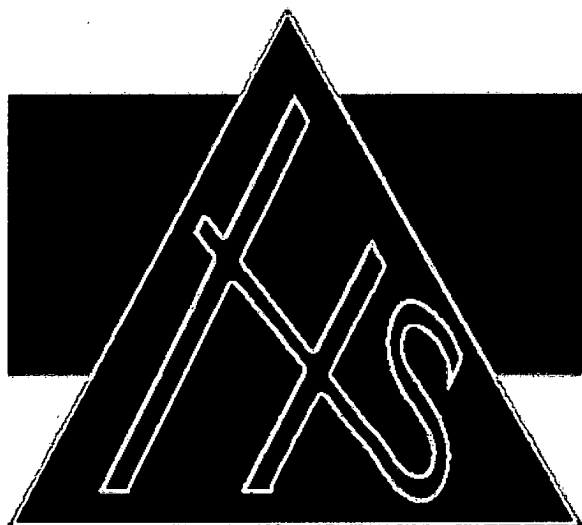
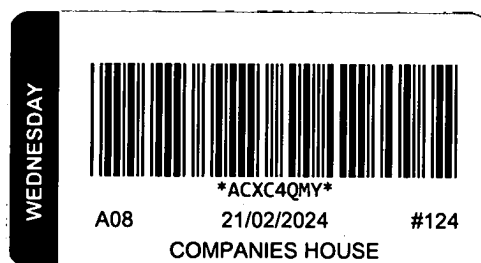


Company Registration No. 09108745 (England and Wales)



HILLSTONE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2023



HILLSTONE PRIMARY SCHOOL

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HILLSTONE PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Tracey Flood	Community Trustee & Vice Chair	
	Gemma Gibbon	Staff Trustee	(Resigned 1st December 2022)
	Jayne Tompkinson	Academy Trustee	(Resigned 1st December 2022)
	Heather Holdsworth	Parent Trustee	(Resigned 13th July 2023)
	Clifford Grimason	Academy Trustee	
	Dr Martin Leigh	Academy Trustee	
	Tricia Bunn	Academy Trustee	(Appointed 12th December 2022)
	Musrath Choudhary	Academy Trustee	(Appointed 7th December 2022)
	James Gomes	Parent Trustee	(Appointed 7th December 2022)
	Jason King	Head Teacher & Accounting Officer	(Appointed 1st September 2022)
	Heather Lloyd	Parent Trustee	(Appointed 7th December 2022)
	Kevin McCabe	Academy Trustee & Chair	
Members	Tracey Flood		
	Heather Holdsworth		(Resigned 12th July 2023)
	Chris Smith		
	Kevin McCabe		
Audit Risk Committee	Tracey Flood	Chair	
	Jason King	Head Teacher & Accounting Officer	
	Musrath Choudhury		
	Clifford Grimason		
	James Gomes		
	Kevin McCabe		
Senior Leadership Team	Jason King	Head Teacher & Accounting Officer	(Appointed 1st September 2022)
	Hayley Sheehan	Assistant Head Teacher	(Appointed 31st October 2022)
	Keith Farr	Assistant Head Teacher	
	Victoria Chudleigh	Deputy Headteacher	(Appointed 1st September 2022)
	Sarah Kinsman	Assistant Head Teacher	
	Julie Murray	Operations Manager	
	Rebecca Ballet	School Business Manager	
	Christopher Carter	IT Strategy Manager	
Company registration no.	09108745 (England and Wales)		
Registered office	Hillstone Road Shard End Birmingham West Midlands B34 7PY		
Independent auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY		

HILLSTONE PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Actuary Hymans Robertson LLP
45 Church Street
Birmingham
B3 2RT

Bankers Lloyds Bank Plc
Colmore Row
PO Box 1000
Birmingham
B1 1LT

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. 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 3 to 11 serving a catchment area in Shard End, Birmingham. It has a pupil capacity of 424 and had on roll 408 pupils on the school census in October 2022. Hillstone also has a Nursery that has a capacity of 39 pupils each morning or afternoon. The average pupil numbers in the 22/23 FY were 41 part time pupils and within this number were an average of 19 full time pupils. Main school numbers have reduced since the October 2021 Census. Nursery pupil numbers have increased over the period covered by this report.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

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

Trustees' indemnities

The Academy Trust has made qualifying third party indemnity provisions for the benefit of its Governors during the period. These provisions remain in force at the reporting date.

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers for claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance is provided through the RPA scheme, operated through the DfE.

Method of recruitment and appointment or election of Trustees

A Parent Trustee must be a parent of a pupil attending the school, at the time when he/she is elected to the board of Trustees. Vacancies for Parent Trustees are filled through advertisement and election.

The Trust Board may appoint Community Trustees, provided the person who is appointed as a Community Trustee is:

- a person who lives or works in the community served by the school; or
- a person who, in the opinion of the Trust Board, is committed to the government and success of the school.

Appointment of Community Trustees are addressed through personal recommendation and consideration by the whole Academy Trust.

The Appointment of Co-opted Trustees takes place where the Academy Trust is looking to ensure that identified gaps in expertise are addressed. The Co-opted Trustee has knowledge, experience and the skills required to contribute to the effectiveness of the Trust Board and is not already a Trustee. Examples of required expertise are e.g., Finance, HR. Gaps in knowledge are ascertained through Trustee Vacancies and/or completion of annual Trustee Skills Matrices.

There is no longer a requirement to have Staff Trustees on the Academy Trust.

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Policies and procedures adopted for the induction and training of Trustees

Newly appointed Trustees are formally welcomed by the Chair who welcomes them and re-affirms expectations. Each Trustee is issued with a handbook which contains essential reading the Trustee is required to undertake, including dates of courses they may wish to attend over the coming academic year, through the National Governance Association/Services 4 Schools.

Hayes and MJS Safeguarding Ltd have been awarded the contract to ensure Trustees and Staff are fully aware of their safeguarding commitments. Trustees can attend additional courses by notifying the CPD lead professional, Jason King.

Other training is provided through a variety of ways using professional organisations, which supports the induction process and any in-house training provided. Trustees are kept up to date with their legislative obligations and best practice through the professional organisations and by the Clerk to the Trustees.

Trustees regularly receive copies of policies, procedures, minutes and financial statements. They also receive a copy of the School Improvement Plan and are actively involved in the process of setting Trustee targets each year.

Organisational structure

The five members constitute are responsible for the overall function of the Academy Trust, including the production of the Annual Report and Financial statements; responsible for constituting the Academy Trust, and as part of the Academy Trust is responsible for all major decisions about the Academy. The Academy Trust, and Head teacher, are responsible for the strategic direction of the academy including for setting all policies covering Curriculum, HR, Health & Safety and Financial aspects of the work of the Academy and monitors this. It receives regular reports from the Senior Leadership Team, including budget allocation and expenditure and other data updates including teaching and learning and achievement and standards. The written terms of reference of the committees include the monitoring of the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment.

A single member acts as Chair of Trustees, supported by the Chair of the Audit Risk committee and 3 other members. The levels of authorisation of budget spend are detailed in the 'Head Teachers' Delegation Statement', which is reviewed annually by the Academy Trust.

The sub-committee is: The Audit Risk committee.

The day-to-day management of the academy is delegated by the Academy Trust to the Head Teacher who is supported by the Senior Leadership Team which comprises: Head Teacher, Deputy Head Teacher, 3* Assist Headteachers, a School Business Manager and IT Strategy Manager. The academy uses Amethyst Advisory Ltd to undertake an advisory/support role to the Strategic Business Manager. A temporary Operations Manager to cover the maternity leave of the School Business Manager.

The initial School Improvement Plan is drawn up by the Head Teacher working with the Senior Leadership Team. The draft plan is reviewed and approved by the full Academy Trust. The Trust Board reviews the progress of the plan as part of their regular work. The Audit Risk Committee reviews the environmental and building part of the School Improvement Plan.

As Hillstone is a primary school, a higher percentage of the academy's expenditure relates to staffing costs. The staffing structure is determined by the Headteacher and discussed / approved by the Academy Trust. The structure is regularly reviewed to ensure effectiveness.

The School Improvement Plan and the staffing structure then inform the Academy budget. The Head Teacher is the Accounting Officer and responsible for the day-to-day management of the academy.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel, as with all other employees of the Academy Trust, have their salary set by reference to DfE pay scales (Teaching Staff) or NJ APT&C (Non-Teaching Staff) and their job grading.

The Audit Risk Committee reviews all proposed changes to employee wages and makes recommendations to be approved by the full Board of Trustees.

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of Hillstone Primary School.

The academy works with many school networks within the Birmingham Local Authority including school-to-school networks.

Related party transactions

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

Hillstone Primary School has always conducted these transactions at arm's length following a competitive tendering process in accordance with Hillstone Primary School internal financial regulations and normal procurement procedures, which the related member of the senior leadership team would not participate in.

Objectives and activities

Objects and aims

The strategic goal of Hillstone Primary School is to provide a broad and balanced curriculum to all pupils in accordance with the Funding Agreement between the Academy Trust and the Department for Education.

The Academy trust's objective is specifically restricted to the advancement of education, for public benefit in the United Kingdom:

- To extend and develop high quality leadership at all levels;
- For all Teaching to be good or better for every lesson;
- To ensure high quality formative and summative assessment to take forward the learning of all pupils;
- To raise standards to be in line with National expectations;
- To ensure a broad and balanced curriculum considering any curriculum changes;
- To ensure the behaviour and safety of pupils.
- To continue to improve the learning environment.

We strive to achieve for each individual pupil their maximum potential for academic, physical and social achievement.

We encourage children to become literate and numerate with high levels of spoken language, investigative and problem-solving skills, together with a balanced view of their environment. We promote equally important social skills such as co-operation, tolerance, care for oneself and others and good manners.

Objectives, strategies and activities

The main objectives for the period are to continue to improve pupil academic achievement and well-being (as outlined in the 2022/23 School Improvement Plan):

- Improved planning guidance to enable pupils to know more, do more and remember more.
- Embed Rosenshine's Pedagogy across all key stages in all curriculum areas.
- To train and embed Team Teach.
- Develop and embed whole school coaching model.
- Pupil Wellbeing embedded across the whole of the school curriculum.

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Several strategies have been adopted for achieving these objectives are:

- O1: Effective planning through Curriculum mapping and redefined Curriculum drivers.
- O1: Planning for high quality Teaching & Learning across the curriculum.
- O1: Improved assessment of progression.
- O1: Updated Behaviour Policy incorporating OFSTED updates and Team Teach.
- O1: An active SIP through monitoring and CPD to ensure the most effective impact on pupils.
- O2: Further development of the subject lead.
- O2: Further development of the Early Years Curriculum to ensure progression and development.

Significant activities linked to the trust's charitable activities, and how they further its aims, are the following opportunities for pupils:

- To learn a musical instrument
- To go on a residential visit
- To be a performer
- To represent their house in a sporting activity
- To grow food on our allotment

Public benefit

In setting our objectives and planning our activities, the Academy Trust has considered the Charity Commission's general guidance on public benefit.

Hillstone Primary School is an equal opportunity employer and strives to give full and fair consideration to all applicants for employment, training, and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic report

Achievements and performance

The 2022/23 Academic Year information is based on Professional Judgements as national data tables have not been available since 2021/22.

Professional Judgements		2022-2023					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
		Summer	Summer	Summer	Summer	Summer	Summer
		% Of pupils Expected or higher					
Reading	All Pupils	80%	62%	66%	63%	71%	75%
	Pupil Premium	67%	60%	58%	65%	64%	68%
Writing	All Pupils	68%	58%	55%	64%	66%	71%
	Pupil Premium	63%	56%	50%	61%	61%	63%
Maths	All Pupils	77%	69%	59%	73%	76%	69%
	Pupil Premium	63%	64%	58%	65%	67%	63%

Additional detail was included in the Headteacher Report presented on the 12th July 2023.

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Attendance at the school is shown in the table below:

	End of Autumn Term 1	End of Autumn Term 2	End of Spring Term 1	End of Spring Term 2	End of Summer Term 1	End of Summer Term 2	Year to date
2021-22	93.46%	92.83%	91.54%	93.44%	93.53%	93.29%	93.02%
2022-23	95.10%	91.30%	94.70%	94.10%	94.20%	92.30%	95.12%

Costs as a percentage of total costs were as follows:

- Direct costs - 64.99% (2022 – 60.87%)
- Support costs - 35.01% (2022 – 39.13%)
- Payroll costs - 77.45% (2022 – 79.06%)

Going concern

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

Financial review

The financial results of Hillstone Primary School are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the ESFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the year ended 31st August 2023 total resources expended was £3,233,163 (2022: £3,433,920) and net expenditure was £170,321 (2022: net income £81,407), which included depreciation of £127,440 (2022: £132,283).

Reserves policy

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the Academy Trust's general policy to continue to build reserves which can be used for future educational purposes.

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

The Academy Trust had total funds on 31st August 2023 of £4,356,448 (2022 - £3,479,769), which included:

- restricted fixed assets £5,163,410 (2022: £5,264,792)
- pension reserve of £(849,000) (2022: £(1,832,000))
- other general restricted funds £23,108 (2022: £46,977)
- unrestricted funds of £18,930 (2022: £Nil)

The deficit on the restricted pension fund of £849,000 (2022 - £1,832,000) arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees regularly review the level of reserves and aim to accumulate and then maintain free reserves (unrestricted and GAG funds) at a level of £60,000. This level of free reserves will both buffer the Charitable Company against any significant future unanticipated expenditure requirements and to reduce pressures on cash flow.

Investment policy

Any surplus funds are invested with Lloyds Bank PLC in a current account.

These investments are carried out in accordance with the powers vested in the Governing Body.

Principal risks and uncertainties

The Trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters, both strategically and on a day-to-day basis. The reduction in pupil numbers will provide challenges to the trust, as it balances both its Educational and Financial requirements. The trust have also noted the increased pressures Hillstone is under in meeting an increase of SEN pupils. An increased number of post-covid Nursery pupils are also requiring additional support. Both Trustees and Senior Management are aware of the issues and have ensured robust controls are in place to allow for effective cash management. These are regularly reviewed and changed where it is deemed to be of benefit to Hillstone. School based staff, at all levels, are made aware of any changes and are reminded of why controls need to be in place.

The Trust regularly reviews its estate. The Trustees meet their statutory and legal requirements. Several successful CIF bids has led to the replacement of the Roofs over two projects and the replacement of windows in the main building. Each budget includes statutory requirements e.g., 2022/23 included the 5-year electrical review. A premises plan covers annual and strategic estates objectives, including risk analysis. The site is well maintained, but the Trust's financial position has to be taken into account when works are planned.

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

Hillstone Primary School has always conducted these transactions at arm's length following a competitive tendering process in accordance with Hillstone Primary School internal financial regulations and normal procurement procedures, which the related member of the senior leadership team would not participate in.

Plans for future periods

The academy writes a detailed annual School Improvement Plan which outlines the strategic direction of the academy and how it will meet its targets. The academy's over-riding aim is to achieve 'outstanding' and to provide an outstanding environment in which children can learn. In addition, the academy will continue to work with partner schools.

Trustees are committed to support and challenge the academy in continuing to improve the levels of achievement pupils have attained.

Funds held as custodian trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

HILLSTONE PRIMARY SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Auditor

In so far 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.

A resolution proposing that Ormerod Rutter Limited be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 22 November 2023 and signed on its behalf by:

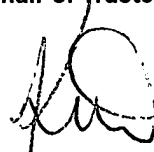
Mr J King

Head Teacher & Accounting Officer



Mr K McCabe

Chair of Trustees



HILLSTONE PRIMARY SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Hillstone Primary School and the Secretary of State for Education. The accounting officer is 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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees		Meetings attended	Out of possible
Miss T M Flood	(Vice Chair)	3	4
Mrs G Gibbon	(Resigned 1 December 2022)	0	1
Mrs H Holdsworth	(Resigned 26 September 2022)	0	4
Mr J King	(Head Teacher & Accounting Officer)	4	4
Mr C Smith		1	1
Mr M Leigh		4	4
Mr K McCabe	(Chair of Trustees)	3	4
Mrs J Tompkinson	(Resigned 1 December 2022)	1	2
Mr C Grimason		4	4
Mr J G F Gomes	(Appointed 7 December 2022)	3	4
Mrs T Bunn	(Appointed 12 December 2022)	2	3
Mrs H Lloyd	(Appointed 7 December 2022)	3	4
Mrs M Choudhury	(Appointed 7 December 2022)	2	3

Copies of all ESFA correspondence is reported to, and discussed by, the Governors.

The Governance structure at Hillstone was formally reconstituted in December 2022.

HILLSTONE PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees are scheduled to meet 4 times during the financial year. On-Site meetings were re-introduced in the 21/22 FY. The Trustees are regularly updated by the Accounting Officer and engagement and communication was frequent throughout the year. The method and frequency of communication ensured that the Trustees were able to maintain an effective oversight of the school and associated administration.

The Audit Risk Committee is a sub-committee of the main Board of Trustees.

The purpose is to:

- To operate as the audit committee as per ESFA guidance; and
- To assist the decision making of the Academy Trust, by enabling more detailed consideration to be given to the best means of fulfilling the Academy Trust's responsibility to ensure sound management of the Academy Trust's finances and resources, including proper planning, monitoring and probity.
- Ensure curriculum requirements are fully met through monitoring, proper planning and review

The Audit Risk Committee was constituted from December 2022 and meets on a termly basis. On all occasions in the year, the business of the Audit Risk Committee is discussed at the full Academy Trust meeting.

The Trustees undertook, and submitted, the School Resource Management self-assessment in April 2023, including the completion of Trustee's skills analysis. All findings were reported to the Academy Trust along with a timetable implementing the findings of the self-assessment. This will be undertaken annually, usually during the Spring Term.

Attendance at the Audit Risk Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Miss T M Flood (Vice Chair)	2	2
Mr J King (Head Teacher & Accounting Officer)	2	2
Mr K McCabe (Chair of Trustees)	1	2
Mr C Grimason	2	2
Mr J G F Gomes (Appointed 7 December 2022)	2	2
Mrs M Choudhury (Appointed 7 December 2022)	2	2

Review of value for money

As accounting officer, the Head Teacher 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, as well as estates safety and management, achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the period by:

- Adopting a robust procurement procedure in relation to premises works, allowing for the continued programme of refurbishment to be undertaken which has improved the learning environment in the academy.
- Investment in new curriculum materials.
- Investment in new Management Information Systems to improve the efficiency and effectiveness of data.
- Provisions, which will allow for the better targeting of resources.
- Implementation and review of Recovery Fund and Tutoring Grants.
- Delivering improvements to the schools' estate to ensure the fabric of the buildings is protected.

HILLSTONE PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Hillstone Primary School for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts.

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 period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts. 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 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; and
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governors have appointed Amethyst Advisory Limited.

Amethyst's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks conducted in the current period included:

- testing of payroll systems, purchase systems, control accounts and bank reconciliations;
- review of cashflow, income and expenditure systems;
- review of MIS system and Strategic Projections.

Review of effectiveness

As accounting officer the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

HILLSTONE PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Conflicts of interest

Trustees and Senior Leaders complete annual Business Interest forms each year and there is a standard agenda item at each Trustees meeting which covers Business Interests. Furthermore, in line with the Academies Accounts Direction issued March 2022, any related parties and transactions are reported to the ESFA.

Approved by order of the Board of Trustees on 22 November 2023 and signed on its behalf by:

Mr J King
Head Teacher & Accounting Officer

A handwritten signature in black ink, appearing to be 'J King', written over a horizontal line.

Mr K McCabe
Chair of Trustees

A handwritten signature in black ink, appearing to be 'K McCabe', written over a horizontal line.

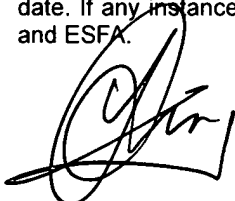
HILLSTONE PRIMARY SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2023

As accounting officer of Hillstone Primary School, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the Academy Trust's 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 Academy Trust Handbook 2022.

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 J King
Accounting Officer

22 November 2023

HILLSTONE PRIMARY SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees (who are also the directors of Hillstone Primary School for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2022 to 2023 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare accounts for each financial year. Under company law, the Trustees must not approve the accounts 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 accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

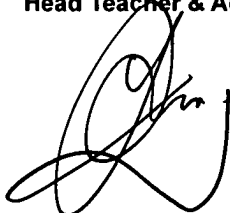
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with 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 that grants received from ESFA/DfE have been applied for the purposes intended.

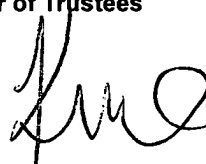
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 22 November 2023 and signed on its behalf by:

Mr J King
Head Teacher & Accounting Officer



Mr K McCabe
Chair of Trustees



HILLSTONE PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTONE PRIMARY SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2023

Opinion

We have audited the accounts of Hillstone Primary School for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 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 2019 and the Academies Accounts Direction 2022 to 2023.

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 accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the accounts 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the accounts themselves. 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.

HILLSTONE PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTONE PRIMARY SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

HILLSTONE PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILLSTONE PRIMARY SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Based on our understanding of the academy and the education sector, we identified that the principal risks of non-compliance with laws and regulations including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities SORP and the Academies Accounts Direction 2022 to 2023, and the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to income and management bias in accounting estimates and judgemental areas of the financial statements the pension scheme deficit. The audit procedures that we performed in response to this risk included:

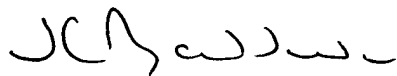
- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the rationale of any significant transactions outside the normal course of business.
- Reviewing the assumptions made by management and actuaries in relation to the pension scheme deficit and challenging the appropriateness thereof.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Joanne Baldwin ACA FCCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited

22/11/2023

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

HILLSTONE PRIMARY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLSTONE PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2023

In accordance with the terms of our engagement letter dated 2 November 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillstone Primary School during the period 1 September 2022 to 31 August 2023 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 Hillstone Primary School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hillstone Primary School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hillstone Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hillstone Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hillstone Primary School's funding agreement with the Secretary of State for Education dated 28 August 2014 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 period 1 September 2022 to 31 August 2023 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

HILLSTONE PRIMARY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLSTONE PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 period 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Ormerod Rutter Limited

Reporting Accountant

Ormerod Rutter Limited
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

Dated: 22/11/2023

HILLSTONE PRIMARY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2023 £	Total 2022 £
Income and endowments from:					
Donations and capital grants	3	-	-	28,483	461,482
Charitable activities:					
- Funding for educational operations	4	146,530	2,887,808	-	3,053,822
Investments	5	21	-	21	23
Total		<u>146,551</u>	<u>2,887,808</u>	<u>28,483</u>	<u>3,515,327</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	127,621	2,949,619	155,923	3,433,920
Total	6	<u>127,621</u>	<u>2,949,619</u>	<u>155,923</u>	<u>3,433,920</u>
Net income/(expenditure)		18,930	(61,811)	(127,440)	81,407
Transfers between funds	15	-	(26,058)	26,058	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	17	-	1,047,000	-	2,974,000
Net movement in funds		18,930	959,131	(101,382)	3,055,407
Reconciliation of funds					
Total funds brought forward		-	(1,785,023)	5,264,792	424,362
Total funds carried forward		<u>18,930</u>	<u>(825,892)</u>	<u>5,163,410</u>	<u>4,379,769</u>

HILLSTONE PRIMARY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

Comparative year information Year ended 31 August 2022	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2022 £
Income and endowments from:				
Donations and capital grants	3	-	-	461,482
Charitable activities:				
- Funding for educational operations	4	207,911	2,845,911	-
Investments	5	23	-	-
Total		<u>207,934</u>	<u>2,845,911</u>	<u>461,482</u>
Expenditure on:				
Charitable activities:				
- Educational operations	7	204,900	3,096,737	132,283
Total	6	<u>204,900</u>	<u>3,096,737</u>	<u>132,283</u>
Net income/(expenditure)		3,034	(250,826)	329,199
Transfers between funds	15	-	(16,197)	16,197
Other recognised gains/(losses)				
Actuarial gains on defined benefit pension schemes	17	-	2,974,000	-
Net movement in funds		3,034	2,706,977	345,396
Reconciliation of funds				
Total funds brought forward		(3,034)	(4,492,000)	4,919,396
Total funds carried forward		-	(1,785,023)	5,264,792

HILLSTONE PRIMARY SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2023

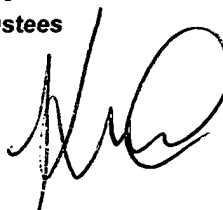
		2023	2022
	Notes	£	£
Fixed assets			
Tangible assets	11	5,163,410	5,264,792
Current assets			
Debtors	12	248,767	166,608
Cash at bank and in hand		28,661	185,808
		277,428	352,416
Current liabilities			
Creditors: amounts falling due within one year	13	(235,390)	(305,439)
Net current assets		42,038	46,977
Net assets excluding pension liability		5,205,448	5,311,769
Defined benefit pension scheme liability	17	(849,000)	(1,832,000)
Total net assets		4,356,448	3,479,769
Funds of the Academy Trust:			
Restricted funds	15		
- Fixed asset funds		5,163,410	5,264,792
- Restricted income funds		23,108	46,977
- Pension reserve		(849,000)	(1,832,000)
Total restricted funds		4,337,518	3,479,769
Unrestricted income funds	15	18,930	-
Total funds		4,356,448	3,479,769

The accounts on pages 21 to 44 were approved by the Trustees and authorised for issue on 22 November 2023 and are signed on their behalf by:

Mr J King
Head Teacher & Accounting Officer

Mr K McCabe
Chair of Trustees

Company registration number 09108745 (England and Wales)

HILLSTONE PRIMARY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	18		(159,588)		118,463
Cash flows from investing activities					
Dividends, interest and rents from investments		21		23	
Capital grants from DfE Group		(5)		-	
Capital funding received from sponsors and others		28,483		461,482	
Purchase of tangible fixed assets		(26,058)		(538,190)	
Net cash provided by/(used in) investing activities			2,441		(76,685)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(157,147)		41,778
Cash and cash equivalents at beginning of the year			185,808		144,030
Cash and cash equivalents at end of the year			28,661		185,808

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Hillstone Primary School is an exempt charitable company limited by guarantee registered in England and Wales.

The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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

1.1 Basis of preparation

The accounts 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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 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.

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 period 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 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.

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Long leasehold land and buildings	- 2% on cost
Computer equipment	- 20% and 50% on cost
Furniture & equipment	- 25% on net book value

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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

1.6 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.

1.7 Leased assets

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

1.8 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. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 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.

1.10 Pensions 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 and the assets are held separately from those of the Academy Trust.

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 projected unit method. The 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 are recognised in the period to which they relate.

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 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 Education and Skills Funding Agency.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The carrying value of tangible fixed assets is dependent on both the annual depreciation charge. The annual depreciation charge for tangible fixed assets is sensitive to changes in useful economic lives. The accounting policies for depreciation of tangible fixed assets can be found in note 1 and the carrying value of tangible fixed assets can be found in note 11.

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Devolved Formula Capital grants	-	28,483	28,483	9,192
Condition Improvement Fund	-	-	-	452,290
	-	28,483	28,483	461,482

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
DfE/ESFA grants				
General annual grant (GAG)	-	2,119,980	2,119,980	2,084,254
Pupil premium	-	319,060	319,060	327,895
Sports Premium	-	19,610	19,610	19,610
Universal Infant Free School Meals	-	117,299	117,299	64,834
Other DfE / ESFA grants	-	66,069	66,069	72,282
	-	2,642,018	2,642,018	2,568,875
Other government grants				
Early Years Single Funding Formula	-	189,401	189,401	197,682
Special educational projects	-	49,089	49,089	37,138
Looked After Children Pupil Premium	-	7,300	7,300	32,652
Teachers Pay Grant	-	-	-	9,564
	-	245,790	245,790	277,036
Other funds				
Educational visits	19,704	-	19,704	40,320
After school clubs	30,542	-	30,542	26,547
Nursery and kindergarten	7,865	-	7,865	8,041
Catering income	16,890	-	16,890	18,959
Other income	71,529	-	71,529	114,044
	146,530	-	146,530	207,911
Total funding	146,530	2,887,808	3,034,338	3,053,822

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Bank interest received	21	-	21	23

6 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2023 £	Total 2022 £
Academy's educational operations					
- Direct costs	1,830,617	76,125	194,809	2,101,551	2,090,358
- Allocated support costs	673,446	186,162	272,004	1,131,612	1,343,562
	<u>2,504,063</u>	<u>262,287</u>	<u>466,813</u>	<u>3,233,163</u>	<u>3,433,920</u>

Net income/(expenditure) for the year includes:

	2023 £	2022 £
Depreciation of tangible fixed assets	127,440	132,283
Fees payable to auditor for:		
- Audit	6,490	5,950
- Other assurance services	1,620	1,425
- Accounts preparation	1,540	1,400
Net interest on defined benefit pension liability	77,000	76,000

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Direct costs				
Educational operations	26,848	2,074,703	2,101,551	2,090,358
Support costs				
Educational operations	100,773	1,030,839	1,131,612	1,343,562
	<u>127,621</u>	<u>3,105,542</u>	<u>3,233,163</u>	<u>3,433,920</u>

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

7 Charitable activities

(Continued)

Analysis of costs	2023 £	2022 £
Direct costs		
Teaching and educational support staff costs	1,830,617	1,846,256
Staff development	11,691	10,251
Depreciation	76,125	79,370
Technology costs	25,344	22,661
Educational supplies and services	97,810	70,623
Educational consultancy	33,116	44,946
Other direct costs	26,848	16,251
	<u>2,101,551</u>	<u>2,090,358</u>
Support costs		
Support staff costs	673,446	868,473
Depreciation	51,315	52,913
Technology costs	14,243	23,084
Maintenance of premises and equipment	55,576	39,339
Cleaning	12,690	10,173
Energy costs	46,892	38,495
Rent, rates and other occupancy costs	8,817	29,965
Insurance	10,872	12,659
Security and transport	20,508	20,055
Catering	100,773	89,096
Finance costs	77,000	76,000
Legal costs	16,105	20,308
Other support costs	32,859	54,065
Governance costs	10,516	8,937
	<u>1,131,612</u>	<u>1,343,562</u>

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

8 Staff

Staff costs

Staff costs during the year were:

	2023 £	2022 £
Wages and salaries	1,807,387	1,778,096
Social security costs	162,128	151,263
Pension costs	459,201	722,654
Staff costs - employees	2,428,716	2,652,013
Agency staff costs	75,347	62,716
	2,504,063	2,714,729
Staff development and other staff costs	11,691	10,251
Total staff expenditure	2,515,754	2,724,980

Total pension costs for employees earning more than £60,000 totalled £18,026 (2022 - £49,446).

Staff numbers

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

	2023 Number	2022 Number
Teachers	25	23
Administration and support	52	54
Management	5	4
	82	81

The number of persons employed, expressed as a full time equivalent, was as follows:

	2023 Number	2022 Number
Teachers	21	20
Administration and support	31	28
Management	4	4
	56	52

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

8 Staff

(Continued)

Higher paid staff

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

	2023 Number	2022 Number
£70,001 - £80,000	1	1
£80,000 - £90,000	-	1
	<u> </u>	<u> </u>

Jason King (Head Teacher (from 1 September 2022) and Staff Governor)

- Remuneration £75,000 - £80,000 (2022: £70,000 - £75,000)
- Employer's pension contributions £15,000 - £20,000 (2022: £15,000 - £20,000)

Gillian Sparrow (Head Teacher to 31 August 2022 and Staff Governor)

- Remuneration £nil (2022: £80,000 - £85,000)
- Employer's pension contributions £nil (2022: £15,000 - £20,000)

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £501,713 (2022 - £477,274).

9 Trustees' and officers' insurance

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

10 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

Jason King (Head Teacher and Staff Governor)

- Remuneration £75,000 - £80,000 (2022: £70,000 - £75,000)
- Employer's pension contributions £15,000 - £20,000 (2022: £15,000 - £20,000)

Gemma Gibbon (Staff Governor - resigned 1 December 2022)

- Remuneration £5,000 - £10,000 (2022: £25,000 - £30,000)
- Employer's pension contributions £1,000 - £5,000 (2022: £nil - £5,000)

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

10 Trustees' remuneration and expenses

(Continued)

During the year, Jason King was reimbursed for £484 of expenses incurred on behalf of the school for educational activities. These expenses included the purchase of books, materials, and equipment for use in the classroom. The expenses were approved by the school's finance committee and are considered to be reasonable and necessary for the school's educational provision (2022 - £0).

11 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Furniture & equipment	Total
	£	£	£	£
Cost				
At 1 September 2022	6,044,500	153,872	202,376	6,400,748
Additions	-	15,360	10,698	26,058
At 31 August 2023	6,044,500	169,232	213,074	6,426,806
Depreciation				
At 1 September 2022	802,169	153,872	179,915	1,135,956
Charge for the year	121,185	640	5,615	127,440
At 31 August 2023	923,354	154,512	185,530	1,263,396
Net book value				
At 31 August 2023	5,121,146	14,720	27,544	5,163,410
At 31 August 2022	5,242,331	-	22,461	5,264,792

Leasehold land and building additions in the year relate to new boilers and an external pathway.

12 Debtors

	2023 £	2022 £
Trade debtors	-	2,999
VAT recoverable	44,614	36,003
Other debtors	17,315	27,511
Prepayments and accrued income	186,838	100,095
	248,767	166,608

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

13 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	107,996	131,253
Other taxation and social security	37,749	43,332
Other creditors	51,436	56,724
Accruals and deferred income	38,209	74,130
	<u>235,390</u>	<u>305,439</u>

14 Deferred income

	2023 £	2022 £
Deferred income is included within:		
Creditors due within one year	<u>25,145</u>	<u>24,957</u>
Deferred income at 1 September 2022	24,957	30,032
Released from previous years	(24,957)	(30,032)
Resources deferred in the year	<u>25,145</u>	<u>24,957</u>
Deferred income at 31 August 2023	<u>25,145</u>	<u>24,957</u>

Deferred income relates to UIFSM income and parental contributions towards school trips, received in advance, relating to the next financial year.

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

15 Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2023 £
Restricted general funds					
General Annual Grant (GAG)	46,977	2,119,980	(2,117,791)	(26,058)	23,108
UFSM	-	117,299	(117,299)	-	-
Pupil premium	-	319,060	(319,060)	-	-
Other DfE/ESFA grants	-	85,957	(85,957)	-	-
Other government grants	-	245,512	(245,512)	-	-
Pension reserve	(1,832,000)	-	(64,000)	1,047,000	(849,000)
	<u>(1,785,023)</u>	<u>2,887,808</u>	<u>(2,949,619)</u>	<u>1,020,942</u>	<u>(825,892)</u>
Restricted fixed asset funds					
DfE group capital grants	5,264,792	-	(127,440)	26,058	5,163,410
Devolved formula capital	-	28,483	(28,483)	-	-
	<u>5,264,792</u>	<u>28,483</u>	<u>(155,923)</u>	<u>26,058</u>	<u>5,163,410</u>
Total restricted funds	<u>3,479,769</u>	<u>2,916,291</u>	<u>(3,105,542)</u>	<u>1,047,000</u>	<u>4,337,518</u>
Unrestricted funds					
General funds	-	146,551	(127,621)	-	18,930
Total funds	<u>3,479,769</u>	<u>3,062,842</u>	<u>(3,233,163)</u>	<u>1,047,000</u>	<u>4,356,448</u>

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

15 Funds

(Continued)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward as at 31st August 2023.

Excluding the Pension Reserve fund, the Academy is not carrying a deficit on any restricted general funds.

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

Unrestricted Funds

General Fund

Relates to all unrestricted fund activities.

Restricted Revenue Funds

General Annual Grant (GAG)

Relates to activities undertaken in the running of the school funded by the General Annual Grant and other related grants.

Early Years Single Funding Formula (EYSFF)

Relates to income received from the Local Council in order to fund free early education for two to four year olds.

Pupil Premium Fund

Relates to additional funding received to help raise the attainment of disadvantaged pupils and close the gap between them and their peers.

Sports Premium Fund

Relates to additional funding from the ESFA to help primary schools improve the quality of the PE and sport activities they offer their pupils.

PTA Donation Fund

Relates to a donation received from the school's parent teacher association as contribution towards specific expenditure relating to the upkeep of the school's building and furniture.

Pension Fund

Relates to the academy's share of the LGPS deficit provided for in the financial statements shown as a separate restricted fund in accordance with Academies - Accounts Direction 2022 to 2023.

Devolved Formula Capital (DFC)

Relates to funding received from the ESFA to fund improvements to buildings and other facilities, including ICT, or capital repairs/refurbishment and minor works.

Restricted Capital Funds

General Fixed Asset Fund

Relates to the fixed assets of the academy.

Transfers

During the year £26,058 was transferred from the GAG restricted fund to fund fixed asset additions.

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

15 Funds

(Continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	-	2,084,254	(2,021,080)	(16,197)	46,977
UIFSM	-	64,834	(64,834)	-	-
Pupil premium	-	327,895	(327,895)	-	-
Other DfE/ESFA grants	-	72,282	(72,282)	-	-
Other government grants	-	79,354	(79,354)	-	-
Sports Premium	-	19,610	(19,610)	-	-
Early Years	-	197,682	(197,682)	-	-
Pension reserve	(4,492,000)	-	(314,000)	2,974,000	(1,832,000)
	<u>(4,492,000)</u>	<u>2,845,911</u>	<u>(3,096,737)</u>	<u>2,957,803</u>	<u>(1,785,023)</u>
Restricted fixed asset funds					
DfE group capital grants	4,858,885	-	(132,283)	538,190	5,264,792
Devolved formula capital	-	9,192	-	(9,192)	-
CIF grant	60,511	452,290	-	(512,801)	-
	<u>4,919,396</u>	<u>461,482</u>	<u>(132,283)</u>	<u>16,197</u>	<u>5,264,792</u>
Total restricted funds	<u>427,396</u>	<u>3,307,393</u>	<u>(3,229,020)</u>	<u>2,974,000</u>	<u>3,479,769</u>
Unrestricted funds					
General funds	<u>(3,034)</u>	<u>207,934</u>	<u>(204,900)</u>	<u>-</u>	<u>-</u>
Total funds	<u>424,362</u>	<u>3,515,327</u>	<u>(3,433,920)</u>	<u>2,974,000</u>	<u>3,479,769</u>

16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	-	-	5,163,410	5,163,410
Current assets	18,930	258,498	-	277,428
Current liabilities	-	(235,390)	-	(235,390)
Pension scheme liability	-	(849,000)	-	(849,000)
Total net assets	<u>18,930</u>	<u>(825,892)</u>	<u>5,163,410</u>	<u>4,356,448</u>

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

16 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	5,264,792	5,264,792
Current assets	-	352,416	-	352,416
Current liabilities	-	(305,439)	-	(305,439)
Pension scheme liability	-	(1,832,000)	-	(1,832,000)
Total net assets	-	(1,785,023)	5,264,792	3,479,769

Loans between funds relates to monies that would have otherwise been allocated to general restricted funds used to purchase capitalised expenditure allocated to fixed asset restricted funds ahead of the Academy Trust receiving amounts included in accrued income at the year end which such expenditure has been allocated to.

17 Pensions 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 West Midlands Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2022.

Contributions amounting to £51,436 (2022 - £51,776) were payable to the schemes at 31 August 2023 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

17 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £222,839 (2022 - £241,638).

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

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 contributions are as noted below. The agreed contribution rates for future years are 20.4% for employers and between 5.5% and 12.5% for employees depending on the level of salary earned by each employee.

Hillstone Primary School is also to pay additional lump sum contributions of £103,000 for 2022/23 and £103,000 for 2023/24.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Valuation of LGPS provision

The amounts recognised in the balance sheet are as follows:

	2023 £	2022 £
Present value of defined benefit obligations	(3,206,000)	(3,989,000)
Fair value of the Academy's share of scheme assets	2,357,000	2,157,000
	<u>(849,000)</u>	<u>(1,832,000)</u>

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

17 Pensions and similar obligations

(Continued)

Total contributions made	2023 £	2022 £
Employer's contributions	246,000	245,000
Employees' contributions	51,000	45,000
Total contributions	297,000	290,000
Principal actuarial assumptions	2023 %	2022 %
Rate of increases in salaries	3.95	4.05
Rate of increase for pensions in payment	2.95	3.05
Discount rate	5.20	4.25

As an indication of the sensitivity of the provision to the assumptions applied, it is projected that:

- A 0.1% decrease in Real Discount Rate would increase the present value of total obligations by £77,000.
- A 1 year increase in member life expectancy would increase the present value of total obligations by £128,000.
- A 0.1% increase in the Salary Increase Rate would increase the present value of total obligations by £7,000.
- A 0.1% increase in the Pension Increase Rate (CPI) would increase the present value of total obligations by £71,000.

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

	2023 Years	2022 Years
Retiring today		
- Males	20.6	21.2
- Females	23.1	23.6
Retiring in 20 years		
- Males	21.8	22.9
- Females	24.0	25.4

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

17 Pensions and similar obligations

(Continued)

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

	2023 Fair value £	2022 Fair value £
Equities	1,602,760	1,445,190
Gilts	494,970	452,970
Cash	94,280	86,280
Property	164,990	172,560
Total market value of assets	2,357,000	2,157,000
Actual return on scheme assets - gain/(loss)	(41,000)	64,000

Amounts recognised in the statement of financial activities

	2023 £	2022 £
Current service cost (net of employer contributions)	233,000	483,000
Net interest cost	77,000	76,000
Total operating charge	310,000	559,000
Actuarial gains/(losses) on defined benefit pension schemes	1,047,000	2,974,000

Changes in the present value of defined benefit obligations

	2023 £
Obligations at 1 September 2022	3,989,000
Current service cost	233,000
Interest cost	174,000
Employee contributions	51,000
Actuarial losses/(gains)	(1,185,000)
Benefits paid	(56,000)
At 31 August 2023	3,206,000

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

17 Pensions and similar obligations

(Continued)

Changes in the fair value of the Academy Trust's share of scheme assets	2023
	£
Assets at 1 September 2022	2,157,000
Interest income	97,000
Actuarial gains	(138,000)
Employer contributions	246,000
Employee contributions	51,000
Benefits paid	(56,000)
At 31 August 2023	<u>2,357,000</u>

18 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	Notes	2023 £	2022 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(170,321)	81,407
Adjusted for:			
Capital grants from DfE and other capital income		(28,483)	(461,482)
Investment income receivable	5	(21)	(23)
Defined benefit pension costs less contributions payable	17	(13,000)	238,000
Defined benefit pension scheme finance cost	17	77,000	76,000
Depreciation of tangible fixed assets		127,440	132,283
(Increase) in debtors		(82,154)	(18,560)
(Decrease)/increase in creditors		(70,049)	70,838
Net cash (used in)/provided by operating activities		<u>(159,588)</u>	<u>118,463</u>

19 Analysis of changes in net funds

	1 September 2022 £	Cash flows £	31 August 2023 £
Cash	<u>185,808</u>	<u>(157,147)</u>	<u>28,661</u>

HILLSTONE PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

21 Long-term commitments

Operating leases

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Amounts due within one year	9,366	12,866
Amounts due in two and five years	10,146	19,512
	<u>19,512</u>	<u>32,378</u>

22 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The Academy Trust identified no related party transactions during the year ended 31 August 2023.

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.