

Company Registration Number: 07744525 (England & Wales)

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Dee McIlmurray Isaac Otomewo Lewis Palin
Trustees	Julie Ann Davies Dee McIlmurray, Chair of Governors Lewis Palin, Vice Chair of Governors Paul Earley Alan Morgan Isaac Otomewo Lyndsey Bastock (resigned 31 July 2020) Louise Macarthur-Clare Oliver Drain (appointed 7 October 2019) Roy Priest (appointed 1 November 2019)
Company registered number	07744525
Company name	Hillcrest School and Sixth Form Centre
Principal and registered office	Stonehouse Lane Bartley Green Birmingham B32 3AE
Headteacher and accounting officer	Julie Ann Davies
Senior management team	Julie Ann Davies Samuel Abbotts Stephen Connor-Hemming Shamim Palmer Sharron Johnson
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
Bankers	Lloyds TSB 125 High Street Birmingham B17 9NP

HILLCREST SCHOOL AND SIXTH FORM CENTRE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Hillcrest School and Sixth Form Centre is an 11 - 18 girls' Converter Academy with mixed sixth form provision and is also part of the Oaks Collegiate and the Bartley Green Teaching Schools Alliance.

Hillcrest School and Sixth Form Centre was inspected by Ofsted in September 2013 and achieved a 'Good' overall Ofsted rating with an 'Outstanding' grade for Behaviour and Safety. In July 2017 Hillcrest had a short Ofsted inspection that confirmed the leadership team has maintained the good quality of education since the last inspection.

Structure, governance and management

a. Constitution

The Charitable Company is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Charitable Company.

The Governors of Hillcrest School and Sixth Form Centre are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served during the , and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Governors' indemnities

As allowed by the provisions of the Articles of Association of the Academy and as disclosed in note 11, professional indemnity insurance is paid on behalf of the Governors of the Academy.

d. Method of recruitment and appointment or election of Trustees

The Academy's Board of Governors is subject to retirement by rotation. Governors are eligible for re-election at the meeting at which they retire. The Governors to retire are those who have served the longest in office since their appointment or re-election. New Governors are recruited in accordance with the Articles of Association and 'A Guide to the Law for School Governors.' The term of office for any Governor is 4 years, although this time limit does not apply to the Head teacher.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Trustees

The Academy continues to procure Governor Support services provided by Birmingham City Council, the local authority. Additional training is provided as required based on individual or collective need. External advice and support is commissioned where necessary.

f. Organisational structure

The structure of the Academy consists of three senior levels: the Board of Governors, including the Head Teacher, the Senior Leadership Team, which includes the Deputy Head Teachers, Assistant Head Teachers and Strategic Business Manager and the broader Leadership Team of Learning Managers and Support Staff Managers. An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Academy nurtures the talents of its entire staff to support continual improvement and excellence.

The Board of Governors is responsible for setting the Academy's policies, adopting the Academy School Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the Academy including its curriculum, the achievement and welfare of students and staffing.

The Head Teacher, Deputy Head Teachers, Assistant Head teachers and Strategic Business Manager as a Senior Leadership Team control the Academy at an executive level, implementing the policies set by the Board of Governors and reporting back to them.

The Board of Governors has established three sub committees. Each subcommittee has its own terms of reference detailing the responsibilities discharged to the subcommittee, to the Head teacher, (The Accounting Officer), Deputy Head Teachers, Assistant Head Teachers and Strategic Business Manager. The terms of reference and meeting frequency for each subcommittee is reviewed and approved by the Board of Governors annually. The terms of reference for the Finance Sub Committee detail the Academy's authorised spending limits.

The sub committees of the Governing Body are the:

- Finance and Operations Committee
- Personnel Committee
- Curriculum and Standards Committee

Groups of governors may be formally organised outside of the subcommittee structure to support the Academy as required, to consider:

- Headteachers Pay Committee
- Pupil Exclusions Panel
- Staff Capability, Disciplinary and Pay Appeals Panel

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

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

The salaries of the Headteacher, Deputy Headteacher/s and Assistant Headteacher will be reviewed annually as required by the School Teachers Pay and Condition Document.

Working in the academy sector Hillcrest School and Sixth Form Centre believes that it is important to be transparent about pay levels of its key management personnel and how those salaries are set. Our salaries are benchmarked against similar roles in the academy sector.

The academy uses a recognised pay scale for teachers however some flexibility is applied to take into consideration the specific requirements for each post and ensure we can recruit and retain the best people for the role with both the skills required and the passion for the service. For support staff the nationally recognised single status salary grading is used to ensure equal pay.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	122
Total pay bill	3,040,258
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

The Academy continues to work in partnership with the fourteen other schools in the Oaks Collegiate, including some shared provision at Post 16. Hillcrest School and Sixth Form Centre is part of the Bartley Green Teaching School Alliance and have members of the senior leadership team trained to deliver the Improving Teacher Programme and Outstanding Teacher Programme to develop provision within the school and the collegiate as well as two staff who are Specialist Leaders of Education.

The Headteacher is a member of the Birmingham Education Partnership (BEP) and served as a Director on the Board from 2015 to 2017 and is still a Secondary Representative for the Oaks Collegiate on the BEP SLIC group.

Objectives and activities

Principle activities

Hillcrest School and Sixth Form Centre is an 11 - 18 girls' Converter Academy with mixed sixth form provision and is also part of the Oaks Collegiate and the Bartley Green Teaching Schools Alliance.

Hillcrest School and Sixth Form Centre was inspected by Ofsted in September 2013 and achieved a 'Good' overall Ofsted rating with an 'Outstanding' grade for Behaviour and Safety. In July 2017 Hillcrest had a short Ofsted inspection that confirmed the leadership team has maintained the good quality of education since the last inspection.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Objects and aims

The object of Hillcrest School and Sixth Form Centre is set out in the Company's Articles of Association, namely "to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining and carrying on, managing and developing a school offering a broad and balanced curriculum".

The Board of Governors continues to set the Academy's strategic aims through the School Improvement Plan. These aims are monitored closely by the Board of Governors by way of Head teacher and Senior Team Reports and through the work of the sub committees.

The aims and objectives for the Academy are derived from the school's mission statement which is:

"Hillcrest School and Sixth Form Centre is a safe and respectful learning environment where every child is valued as an individual with unique talents and ambitions"

We:

- are an outward looking and confident community, actively promoting the fundamental British values of democracy, the rule of law, individual liberty, mutual respect, and tolerance of those with different faiths and beliefs;
- are a happy, responsible and fair school respected by the community;
- improve our environment to meet the educational demands of the twenty first century;
- raise expectations and achievement for all;
- prepare everyone for the challenges of modern Britain and a changing world; and
- develop a passion for life long learning.

The key aims of the Academy for the forthcoming year are to:

To ensure all students make consistently strong progress in all subjects.

To ensure that the curriculum from key stage 3 to 5 gives students the knowledge, skills and cultural capital they need to take advantage of opportunities, responsibilities and experiences of later life and achieve social mobility.

To ensure disadvantaged students at Hillcrest perform as well as all other students nationally.

To continue to improve outcomes for students with SEND and high prior attainment.

To continue to increase the number of GCSE grade 4+, 5+ and 7+.

To ensure all students at Hillcrest have access to a range of independent careers advice and guidance.

To ensure all students at Hillcrest know how to keep themselves safe, both physically, emotionally and online.

To ensure all students develop their spiritual, moral, social and cultural understanding through personal and social education.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Objectives, strategies and activities

Quality of Education priorities:

- That the curriculum at Hillcrest has a rigorous academic focus designed to enable all students to enjoy and achieve.
- That we provide all students with the knowledge, skills and relevant qualifications to enable them to successfully access the next stage of their education and achieve social mobility.
- That as many students as possible access the English Baccalaureate set of subjects in KS4.
- That the early identification of student's specific needs, allows us to provide suitable intervention and evaluate its impact.

Teaching, Learning and Assessment priorities:

Make sure that teaching consistently challenges and motivates all students by:

- Ensuring that assessment is used as a responsive teaching tool, including for remote learning.
- Questioning strategies which are evidenced-based allow for teachers to effectively check for understanding.
- Explicit teaching of metacognitive strategies to support student's academic development.
- To continue to draw upon the work of cognitive science to support effective teaching.

Personal Development, Behaviour and Attitudes priorities:

To ensure at all key stages' students are well prepared to fully engage in an ever-changing world, to understand and respect fundamental British values and make informed decisions. This is achieved through our strong core curriculum, wider learning opportunities, careers education and spiritual, moral, social, cultural, mental, personal and physical development programmes.

Public benefit

In setting objectives and planning for activities, the Governors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

Hillcrest School and Sixth Form Centre was legally formed on midnight of the 1st September 2011. This Annual Report covers the Academy's ninth period of operation.

There were 516 students on roll in year 7 to 11 and 53 students in the Sixth Form, on 31st August 2020.

The Academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development using evidence-based research approaches, lesson observations, performance management, learning walks, self evaluation, data analysis and action planning.

a. Key performance indicators

Tables 1 and 2 below provide a summary of the Academy's performance in the summer 2020 examination season:

Table 1. Summary of GCSE examination results

GCSE	2019/20 Target	2019/20 Results
Progress 8 Score	>0	+1.07
Attainment 8 Score	>40	53
Grade 4+ GCSE in Maths and English	55%	68%
Grade 5+ GCSE in Maths and English	40%	56%
Ebacc at grade 4+	35%	56%
Ebacc at grade 5+	25%	37%

GCSE targets are based on student's prior attainment at Key Stage 2 using FFT target setting.

GCSE results in 2020 were calculated by examination boards using Centre Assessed Grades (CAG) and Ofqual algorithm. CAG were all in line with staff expected grades (Spring 2020). The algorithm increased some students grades at GCSE in English Literature, Food, Maths and Philosophy and Ethics.

Table 2. Summary of A Level examination results

A Level and BTEC L3	2019/20 Target	2019/20 Results
Pass rate	100%	100%
A*- B Grades	20%	74%
A*-C Grades	60%	94%

A level targets are based on student's prior attainment at Key Stage 4 using LPUK target setting.

The A level the cohort was very small therefore the algorithm making changes to just a few grades had a big impact on % of grades at A*-B and A*-C.

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FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

2020-21 Targets

GCSE	2020/21 Target
Progress 8 Score	>0
Attainment 8 Score	>45
Grade 4+ GCSE in Maths and English	60%
Grade 5+ GCSE in Maths and English	40%
Ebacc 4+	34%
Ebacc 5+	20%

A Level and BTEC L3	2020/21 Target
Pass rate	100%
A*-B Grades	35%
A*-C Grades	75%

b. Going concern

After making appropriate enquiries, the board of Governors has a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

a. Review of activities

The Academy received income into its Unrestricted Fund, Restricted General Funds and Restricted Fixed Asset Fund during 2019/20:

Restricted General Fund

The majority of the Academy's income was received through Education and Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Academy's charitable activities, its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £3,852,103, expenditure against the fund was £4,040,402, giving an in year deficit of £188,299 before transfers and losses.

Unrestricted Funds

Income received into the Unrestricted Fund was £133,176. Expenditure against the fund was £23,674 for the year, giving an in year carry forward of £109,502 before transfers.

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FOR THE YEAR ENDED 31 AUGUST 2020

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Academy's depreciation policy.

Income received into the fund was £453,199.

The SOFA details a £6,672,120 Restricted Fixed Asset Fund year end surplus after transfers between funds. This is detailed in note 16 to the accounts.

Summary of Financial Performance

Total fund balance as at 31st August 2020 was £4,532,014 comprised of £473,894, £nil and £6,672,120 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £2,614,000.

Balance Sheet

The Academy's assets were predominantly used for providing education to school students. Some assets were used by the local community, predominantly for sports, as part of the school's sports focus and strategic aims to promote health, pathways into the community and work, and community cohesion.

The net book value of the Academy's tangible fixed assets was £5,861,418 as at 31st August 2020. The movement in this account is detailed in note 12.

Cash in hand at 31st August 2020 was £910,856.

b. Reserves policy

The Board of Governors reviews the Academy's Reserve Policy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors will keep the level of reserves under review.

The Governing Body has determined that the appropriate level of free reserves should be equivalent to 6 weeks expenditure, which equates to approximately £450,000. This is based on sufficient working capital to cover delays between spending and receipt of grants and to provide a contingency to deal with unexpected emergencies/maintenance.

The Academy's free reserves as at 31st August 2020 were £473,894. The Academy intends to continue building free reserves in the future by generating more income from increased pupil numbers, making in year savings and reducing expenditure wherever possible.

c. Investment policy

Investment vehicles are approved by the Board of Governors with the support of expert advice as necessary. The Academy has invested the closing balance from the predecessor school in a Corporate Guaranteed Investment Account. This is a low risk short term deposit. The objective of this account is to hold the Academy's reserve at low risk.

The Academy does not have any endowment funds.

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FOR THE YEAR ENDED 31 AUGUST 2020

d. Principal risks and uncertainties

The Board of Governors has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

The Governors consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

e. Impact of COVID-19 on the Academy Trust

The Academy considers the consequences of any strategic decision in the long term as part of their assessment, we aim to ensure that as an organisation we balance our income and expenditure to ensure that our organisation remains sustainable in the long term. This is balanced against the needs of our students, staff, external suppliers and services, to ensure we are spending the funding we receive from the government in the most effective way to support our aims.

COVID-19 has impacted on the Academy and we have responded by implementing a range of risk assessments and control measures to ensure the Trustees have acted in accordance with their duties.

- The Academy remained open during school closure and during holiday periods to provide support to key workers where other childcare options were not available.
- First priority and intention are to keep our school building safe and open unless the government implements a national lockdown including full school closures.
- Enhanced cleaning schedules, deep cleans and daily touch point cleaning.
- One-way systems, separate entrances, staggered start and finish times for students and 3 split lunchtime services.
- Bubble groups implemented to limit amount of student contact with each other
- Students and staff wearing masks in corridors or areas where 2 metre social distancing may not be able to be maintained.
- Regular communication of reminders of washing hands, keep distance and wearing of masks.

Engagement with employees

The Academy during the school closure period ensured that employees were provided with information on matters of concern to them:

- Regular communication during remote working due to school closure with direct support from line manager and SLT.
- Regular briefings and email communications keeping staff up to date and informed
- Wellbeing – information provided on how to access a range of services to support staff including introducing an Employee Assistance Programme with access to a 24 hour telephone service and counselling sessions on work and personal matters.
- Ensuring staff have access to technology and resources whilst remote working.

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FOR THE YEAR ENDED 31 AUGUST 2020

Financial and operational effects of the virus

The Academy was able to ensure they continued to maintain a robust system of internal controls, implementing new systems and checks to ensure the school financial obligations were met whilst working remotely.

- The finance team continued to process payments to suppliers whilst ensuring strict approval processes were in place.
- The Academy during 2019/2020 ensured payment in line with pre-existing contracts during lockdown.
- We achieved best value whilst still following the guidance to pay essential suppliers to keep them afloat.
- The Academy ensured it was audit ready and the full end of year audit was undertaken by the external auditors via a combination of remote and onsite audit (with a secure document sharing system in place – Egress)
- The Academy was not able to continue with lettings which resulted in a loss of self-generated income during 2019/2020
- The Academy continued to pay cleaning contract staff and surplus hours used for deep cleans, to sterilise classrooms and additional areas of touch points.
- The external catering contract staff were furloughed, and the money credited to the school
- Exam fees refunds were received during 2019/2020 due to cancelled 2020 examinations.

Free school meals

The Academy acted as a facilitator for the distribution of the national free school meal vouchers scheme ensuring vouchers were received by all students eligible for free school meals during the school closure period due to COVID-19

Exceptional government funding

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak.

- The funding received for coronavirus exceptional support covers £6,435 of Free School Meal costs.
- The academy did not furlough any directly employed staff and did not make any claims under the government's CJRS.

Fundraising

The academy had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Plans for future periods

Hillcrest School and Sixth Form Centre strives to continually improve levels of achievement for all students, equipping them with the qualifications and skills to move on to the next stage of their educational journey.

The curriculum, the quality of teaching and learning, support, guidance and interventions are consistently reviewed to help every child achieve their full academic and social potential. Hillcrest School and Sixth Form Centre aims to maintain its reputation as a happy and cohesive community where every individual is supported and valued.

Funds held as custodian on behalf of others

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

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TRUSTEES' REPORT (CONTINUED)
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Disclosure of information to auditor

Insofar as the Governors are aware:

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

Auditor

The auditors, Crowe U.K. LLP are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on *8 December 2020* and signed on its behalf by:


Dee McLimurray
Chair of Trustees


Julie Ann Davies
Accounting Officer

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GOVERNANCE STATEMENT

Scope of responsibility

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

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Governors 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 Hillcrest School and Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Governors has formally met 6 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Trustee	Meetings attended	Out of a possible
Julie Ann Davies	6	6
Dee McIlmurray, Chair of Governors	6	6
Lewis Palin, Vice Chair of Governors	6	6
Paul Earley	6	6
Alan Morgan	0	0
Isaac Otomewo	3	6
Lyndsey Bastock	3	6
Louise Macarthur-Clare	4	6
Oliver Drain	5	6
Roy Priest	5	5

Governors review annually their priorities for the next 3 years. Current priorities include:

- Curriculum review in response to the demands of the more GCSE, A level and BTEC Level 3 courses and the tracking of students' performance from Year 7.
- Managing recruitment, staff development and retention in a time of falling budgets.
- Bidding for funds to continue to update the teaching and learning facilities.
- Maintaining and strengthen the Oaks Colligate Partnership of schools.
- Responding to the COVID-19 pandemic through risk assessments and control measures to keep school open and provide quality education on site or remotely as required.

The Finance and General Purposes Committee is a sub-committee of the main board of Governors. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances, resources and premises.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Julie Ann Davies	5	5
Paul Earley	3	5
Alan Morgan	0	0
Isaac Otomewo	1	5
Lyndsey Bastock	2	5
Oliver Drain	3	5
Lewis Palin	4	5

Review of value for money

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

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

- improving educational results;
- collaboration the Academy continues to work in partnership with the nine other schools in the Oaks Collegiate, including shared provision at post 16;
- financial governance and oversight, including regular meeting of the Finance and Operations Committee and review of budget monitoring reports;
- taking a prudent approach to expenditure and ensuring staffing structures are fit for purpose through an annual review;
- regularly undertaking tender exercises of all supplies and services to ensure they remain competitive;
- generating income through hire of sports and business facilities at every opportunity;
- reviewing controls and managing risks; and
- budget holders, managers and governors regularly scrutinising budget reports to ensure the most effective use of resources.

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 Charitable Company 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 Hillcrest School and Sixth Form Centre for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Governors has reviewed the key risks to which the Charitable Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Charitable Company's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The risk and control framework

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

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

The Board of Trustees has decided not to appoint an internal auditor. However, the Governors have appointed Crowe U.K. LLP, the external auditor, to perform additional checks.

On an annual basis, the external auditor reports to the board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.


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:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the external auditor;
- the work of the executive managers within the Charitable Company 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 audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on their behalf by:


Dee McMurray
Chair of Trustees

8 December 2020

Julie Ann Davies
Accounting Officer

and signed on

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hillcrest School and Sixth Form Centre I have considered my responsibility to notify the Charitable Company board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Charitable Company, under the funding agreement in place between the Charitable Company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Charitable Company board of Trustees are able to identify any material irregular or improper use of all funds by the Charitable Company, or material non-compliance with the terms and conditions of funding under the Charitable Company's funding agreement and the Academies Financial Handbook 2019.

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.



Julie Ann Davies
Accounting Officer

Date: 8 December 2020

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Dee McMurray
Chair of Trustees

Date: 8 December 2020

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST SCHOOL AND SIXTH FORM CENTRE**

Opinion

We have audited the financial statements of Hillcrest School and Sixth Form Centre (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST SCHOOL AND SIXTH FORM CENTRE (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST SCHOOL AND SIXTH FORM CENTRE (CONTINUED)**

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company'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 to cease operations, or have no realistic alternative but to do so.

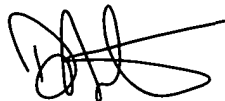
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House

Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 10 December 2020

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST
SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated [enter date here] and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillcrest School and Sixth Form Centre during the year 1 September 2019 to 31 August 2020 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 Hillcrest School and Sixth Form Centre and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hillcrest School and Sixth Form Centre 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 Hillcrest School and Sixth Form Centre and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hillcrest School and Sixth Form Centre's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hillcrest School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated [enter date here] and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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 Charitable Company's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST
SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION & SKILLS FUNDING AGENCY**
(CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP

Crowe U.K. LLP

Reporting Accountant

Date: *10 December 2020*

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	-	-	453,199	453,199	663,939
Charitable activities		58,639	3,852,103	-	3,910,742	3,767,178
Other trading activities		73,480	-	-	73,480	40,528
Investments	6	1,057	-	-	1,057	1,081
Total income		133,176	3,852,103	453,199	4,438,478	4,472,726
Expenditure on:						
Raising funds		11,623	-	-	11,623	19,065
Charitable activities		12,051	4,040,402	323,311	4,375,764	4,050,110
Total expenditure		23,674	4,040,402	323,311	4,387,387	4,069,175
Net income/(expenditure)		109,502	(188,299)	129,888	51,091	403,551
Transfers between funds	17	(36,766)	(58,993)	95,759	-	-
Net movement in funds before other recognised gains/(losses)		72,736	(247,292)	225,647	51,091	403,551
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(402,000)	-	(402,000)	(372,000)
Net movement in funds		72,736	(649,292)	225,647	(350,909)	31,551

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020	Total funds 2019
Note	£	£	£	£	£
Reconciliation of funds:					
Total funds brought forward	401,158	(1,964,708)	6,446,473	4,882,923	4,851,372
Net movement in funds	72,736	(649,292)	225,647	(350,909)	31,551
Total funds carried forward	473,894	(2,614,000)	6,672,120	4,532,014	4,882,923

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

The notes on pages 29 to 53 form part of these financial statements.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)
REGISTERED NUMBER: 07744525

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	5,861,418	5,923,021
		<u>5,861,418</u>	<u>5,923,021</u>
Current assets			
Debtors	14	647,386	577,092
Cash at bank and in hand		910,856	691,685
		<u>1,558,242</u>	<u>1,268,777</u>
Creditors: amounts falling due within one year	15	(231,070)	(190,112)
Net current assets		<u>1,327,172</u>	<u>1,078,665</u>
Total assets less current liabilities		<u>7,188,590</u>	<u>7,001,686</u>
Creditors: amounts falling due after more than one year	16	(42,576)	(59,763)
Net assets excluding pension liability		<u>7,146,014</u>	<u>6,941,923</u>
Defined benefit pension scheme liability	24	(2,614,000)	(2,059,000)
Total net assets		<u><u>4,532,014</u></u>	<u><u>4,882,923</u></u>

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)
REGISTERED NUMBER: 07744525

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Funds of the Charitable Company			
Restricted funds:			
Fixed asset funds	17	6,672,120	6,446,473
Restricted income funds	17	-	94,292
Restricted funds excluding pension asset	17	6,672,120	6,540,765
Pension reserve	17	(2,614,000)	(2,059,000)
Total restricted funds	17	4,058,120	4,481,765
Unrestricted income funds	17	473,894	401,158
Total funds		4,532,014	4,882,923

The financial statements on pages 24 to 53 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Dee McMurray
Chair of Trustees

Date: 8 December 2020



Julie Ann Davies
Accounting Officer

The notes on pages 29 to 53 form part of these financial statements.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	26,623	(42,368)
Cash flows from investing activities	20	192,548	136,490
Change in cash and cash equivalents in the year		219,171	94,122
Cash and cash equivalents at the beginning of the year		691,685	597,563
Cash and cash equivalents at the end of the year	21, 22	<u>910,856</u>	<u>691,685</u>

The notes on pages 29 to 53 form part of these financial statements

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Company status

The Charitable Company is a company limited by guarantee. The Charitable Company is incorporated in England & Wales, registered number 07744525. The registered office is Stonehouse Lane, Bartley Green, Birmingham, B32 3AE. The Members of the company are the Governors named on page 1. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charitable Company.

1.3 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 financial statements and have concluded that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charitable Company's ability to continue as a going concern; thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.4 Income

All incoming resources are recognised when the Charitable Company 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 year for which it is receivable and any abatement in respect of the year 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.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Charitable Company has provided the goods or services.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.5 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long Term Leasehold Property	- 50 years straight line
Fixtures and Fittings	- 7 years straight line
Computer Equipment	- 3 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.8 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.9 Financial instruments

The Charitable Company only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Charitable Company and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.10 Pensions.

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charitable Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.11 Fund accounting

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

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

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

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Liabilities and provisions

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

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

1.13 Agency arrangements

The academy acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Charitable Company 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

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3. Income from donations and capital grants

	Restricted fixed asset funds 2020 £	Total funds 2020 £
Capital grants	453,199	453,199

	Restricted fixed asset funds 2019 £	Total funds 2019 £
Capital grants	663,939	663,939

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4. Funding for the Academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General annual grant (GAG)	-	3,393,379	3,393,379
Other DfE/EFA grants	-	458,724	458,724
	-	3,852,103	3,852,103
Other funding			
School trip income	6,357	-	6,357
Other income	52,282	-	52,282
	58,639	-	58,639
	58,639	3,852,103	3,910,742
	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General annual grant (GAG)	-	3,395,923	3,395,923
Other DfE/EFA grants	-	299,317	299,317
	-	3,695,240	3,695,240
Other funding			
School trip income	18,368	-	18,368
Other income	53,570	-	53,570
	71,938	-	71,938
	71,938	3,695,240	3,767,178

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5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £
Hire of facilities	11,623	11,623
Other income	61,857	61,857
	<u>73,480</u>	<u>73,480</u>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Hire of facilities	17,417	17,417
Catering income	1,648	1,648
Other income	21,463	21,463
	<u>40,528</u>	<u>40,528</u>

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Investment income	1,057	1,057
	<u>1,057</u>	<u>1,057</u>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Investment income	1,081	1,081
	<u>1,081</u>	<u>1,081</u>

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7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	11,623	11,623
Funding for educational operations:				
Direct costs	2,429,039	-	91,958	2,520,997
Allocated support costs	1,020,442	323,311	511,014	1,854,767
	<u>3,449,481</u>	<u>323,311</u>	<u>614,595</u>	<u>4,387,387</u>
	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	19,065	19,065
Funding for educational operations:				
Direct costs	2,101,818	-	132,396	2,234,214
Allocated support costs	979,876	544,361	291,659	1,815,896
	<u>3,081,694</u>	<u>544,361</u>	<u>443,120</u>	<u>4,069,175</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Funding for educational operations	2,520,997	1,854,767	4,375,764

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Funding for educational operations	2,234,214	1,815,896	4,050,110

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	1,020,442	979,876
Depreciation	323,311	269,967
Premises costs	234,276	240,835
Technology costs	90,559	100,993
Other support costs	169,499	203,100
Governance costs	16,680	21,125
	1,854,767	1,815,896

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	5,009	3,715
Depreciation of tangible fixed assets	323,311	269,967
Fees paid to auditor for:		
- audit	11,200	10,875
- other services	3,735	4,475
	<u>11,200</u>	<u>10,875</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	2,420,618	2,183,751
Social security costs	240,553	219,357
Pension costs	701,706	534,489
	<u>3,362,877</u>	<u>2,937,597</u>
Agency staff costs	86,604	144,097
	<u>3,449,481</u>	<u>3,081,694</u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	50	40
Administration and support	26	30
Management	5	5
	<u>81</u>	<u>75</u>

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10. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	-	-
In the band £80,001 - £90,000	1	1

d. Key management personnel

The key management personnel of the Charitable Company comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Charitable Company was £461,002 (2019 £431,569).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Charitable Company. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020 £	2019 £
Julie Ann Davies	Remuneration	85,000 -	80,000 -
		90,000	85,000
	Pension contributions paid	20,000 -	10,000 -
		25,000	15,000
John Edwards (resigned 8 March 2019)	Remuneration		15,000 -
			20,000
	Pension contributions paid		0 - 5,000

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Charitable Company has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £114 (2019 - £114). The cost of this insurance is included in the total insurance cost.

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13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 September 2019	5,436,403	1,564,005	122,446	40,000	7,162,854
Additions	-	7,924	15,868	237,916	261,708
At 31 August 2020	5,436,403	1,571,929	138,314	277,916	7,424,562
Depreciation					
At 1 September 2019	745,214	389,637	104,982	-	1,239,833
Charge for the year	108,728	204,859	9,724	-	323,311
At 31 August 2020	853,942	594,496	114,706	-	1,563,144
Net book value					
At 31 August 2020	4,582,461	977,433	23,608	277,916	5,861,418
At 31 August 2019	4,691,189	1,174,368	17,464	40,000	5,923,021

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	-	1,791
Other debtors	8,621	45,290
Prepayments and accrued income	638,765	530,011
	647,386	577,092

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15. Creditors: Amounts falling due within one year

	2020 £	2019 £
ESFA CIF loan	17,187	17,187
Trade creditors	31,578	20,526
Other taxation and social security	58,128	55,370
Other creditors	100,634	44,399
Accruals and deferred income	23,543	52,630
	<u>231,070</u>	<u>190,112</u>

16. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
ESFA CIF loan	<u>42,576</u>	<u>59,763</u>

Loan of £76,950 from the ESFA, is provided on the following terms: 2.01% Interest rate, payable over 5 years via monthly repayments.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	401,158	133,176	(23,674)	(36,766)	-	473,894
Restricted general funds						
General Annual Grant (GAG)	94,292	3,393,379	(3,428,678)	(58,993)	-	-
Other Restricted	-	458,724	(458,724)	-	-	-
Pension reserve	(2,059,000)	-	(153,000)	-	(402,000)	(2,614,000)
	<u>(1,964,708)</u>	<u>3,852,103</u>	<u>(4,040,402)</u>	<u>(58,993)</u>	<u>(402,000)</u>	<u>(2,614,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds-general funds	5,923,021	13,196	(323,311)	248,512	-	5,861,418
Capital grants	523,452	440,003	-	(152,753)	-	810,702
	<u>6,446,473</u>	<u>453,199</u>	<u>(323,311)</u>	<u>95,759</u>	<u>-</u>	<u>6,672,120</u>
Total Restricted funds	<u>4,481,765</u>	<u>4,305,302</u>	<u>(4,363,713)</u>	<u>36,766</u>	<u>(402,000)</u>	<u>4,058,120</u>
Total funds	<u>4,882,923</u>	<u>4,438,478</u>	<u>(4,387,387)</u>	<u>-</u>	<u>(402,000)</u>	<u>4,532,014</u>

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

The restricted fixed asset funds are provided for specific capital projects.

The restricted income funds are subject to specific expenditure within the Charitable Company's declared objects. Transfers to or from the restricted fixed asset fund represent purchases from the GAG and capital grants used to meet repairs and maintenance costs. Other gains and losses relate to the actuarial loss for the year on the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State, the Charitable Company was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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17. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	331,045	113,547	(43,434)	-	-	401,158
Restricted general funds						
General Annual Grant (GAG)	-	3,395,923	(3,325,457)	23,826	-	94,292
Other Restricted	-	299,317	(299,317)	-	-	-
Pension reserve	(1,556,000)	-	(131,000)	-	(372,000)	(2,059,000)
	<u>(1,556,000)</u>	<u>3,695,240</u>	<u>(3,755,774)</u>	<u>23,826</u>	<u>(372,000)</u>	<u>(1,964,708)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	5,664,458	43,499	(269,967)	485,031	-	5,923,021
Capital grants	411,869	620,440	-	(508,857)	-	523,452
	<u>6,076,327</u>	<u>663,939</u>	<u>(269,967)</u>	<u>(23,826)</u>	<u>-</u>	<u>6,446,473</u>
Total Restricted funds	<u>4,520,327</u>	<u>4,359,179</u>	<u>(4,025,741)</u>	<u>-</u>	<u>(372,000)</u>	<u>4,481,765</u>
Total funds	<u>4,851,372</u>	<u>4,472,726</u>	<u>(4,069,175)</u>	<u>-</u>	<u>(372,000)</u>	<u>4,882,923</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	5,861,418	5,861,418
Current assets	473,894	273,646	810,702	1,558,242
Creditors due within one year	-	(231,070)	-	(231,070)
Creditors due in more than one year	-	(42,576)	-	(42,576)
Provisions for liabilities and charges	-	(2,614,000)	-	(2,614,000)
Total	473,894	(2,614,000)	6,672,120	4,532,014

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	5,923,021	5,923,021
Current assets	401,158	267,217	600,402	1,268,777
Creditors due within one year	-	(172,925)	(17,187)	(190,112)
Creditors due in more than one year	-	-	(59,763)	(59,763)
Provisions for liabilities and charges	-	(2,059,000)	-	(2,059,000)
Total	401,158	(1,964,708)	6,446,473	4,882,923

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net income to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per Statement of financial activities)	51,091	403,551
Adjustments for:		
Depreciation charges	323,311	269,967
Interest from investments	(1,057)	(1,081)
(Increase)/decrease in debtors	(70,294)	(266,405)
Increase in creditors	23,771	84,539
Capital grants from DfE and other capital income	(453,199)	(663,939)
Defined benefit pension scheme cost less contributions payable	116,000	92,000
Defined benefit pension scheme finance cost	37,000	39,000
Net cash provided by/(used in) operating activities	26,623	(42,368)

20. Cash flows from investing activities

	2020 £	2019 £
Interest from investments	1,057	1,081
Purchase of tangible fixed assets	(261,708)	(528,530)
Capital grants from DfE Group	453,199	663,939
Net cash provided by investing activities	192,548	136,490

21. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	910,856	691,685
Total cash and cash equivalents	910,856	691,685

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	691,685	219,171	910,856
Debt due within 1 year	(17,187)	-	(17,187)
Debt due after 1 year	(59,763)	17,187	(42,576)
	<u>614,735</u>	<u>236,358</u>	<u>851,093</u>

23. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Acquisition of tangible assets	<u>785,259</u>	<u>608,615</u>

24. Pension commitments

The Charitable Company'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 Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £62,188 were payable to the schemes at 31 August 2020 (2019 - £ -) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. 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.

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24. Pension commitments (continued)

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. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- 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, 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 2023.

The employer's pension costs paid to TPS in the year amounted to £409,236 (2019 - £250,968).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £154,000 (2019 - £189,000), of which employer's contributions totalled £120,000 (2019 - £152,000) and employees' contributions totalled £ 34,000 (2019 - £37,000). The agreed contribution rates for future years are 20.8 per cent for employers and 5.8-6.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Charitable Company, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Charitable Company at the balance sheet date.

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

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24. Pension commitments (continued)

Principal actuarial assumptions

West Midlands Pension Fund

	2020	2019
	%	%
Rate of increase in salaries	3.25	3.70
Rate of increase for pensions in payment/inflation	2.25	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.25	2.20

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.9	20.9
Females	24.1	23.2
<i>Retiring in 20 years</i>		
Males	23.8	22.6
Females	26.0	25.1

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	5,011	4,219
Discount rate -0.1%	5,269	4,421
Mortality assumption - 1 year increase	5,342	4,481
Mortality assumption - 1 year decrease	4,942	4,163

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24. Pension commitments (continued)

Share of scheme assets

The Charitable Company's share of the assets in the scheme was:

	2020 £'000	2019 £'000
Equities	1,418	1,358
Gilts	274	214
Corporate bonds	98	86
Property	190	184
Cash and other liquid assets	167	82
Other	377	336
Total market value of assets	2,524	2,260

The actual return on scheme assets was £222,000 (2019 - £135,000).

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

	2020 £	2019 £
Current service cost	235,000	243,000
Net interest on the defined liability	37,000	39,000
Administrative expenses	1,000	1,000
Total amount recognised in the Statement of Financial Activities	273,000	283,000

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

	2020 £	2019 £
At 1 September	4,319,000	3,595,000
Current service cost	235,000	200,000
Interest cost	80,000	94,000
Employee contributions	34,000	37,000
Actuarial losses	496,000	452,000
Benefits paid	(26,000)	(102,000)
Past service costs	-	43,000
At 31 August	5,138,000	4,319,000

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24. Pension commitments (continued)

Changes in the fair value of the Charitable Company's share of scheme assets were as follows:

	2020 £	2019 £
At 1 September	2,260,000	2,039,000
Interest on assets	43,000	55,000
Actuarial gains	94,000	80,000
Employer contributions	120,000	152,000
Employee contributions	34,000	37,000
Benefits paid	(26,000)	(102,000)
Admin expenses	(1,000)	(1,000)
At 31 August	2,524,000	2,260,000

25. Operating lease commitments

At 31 August 2020 the Charitable Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	6,456	2,673
Later than 1 year and not later than 5 years	5,837	2,336
	12,293	5,009

26. Members' liability

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

HILLCREST SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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27. Related party transactions

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

28. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the trust received £8,250 (2019: £9,563) and disbursed £14,203 (2019: £7,959) from the fund. An amount of £919 (2019: £6,871) is included in other creditors relating to undistributed funds.