

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 2018

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

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Dee McIlmurray Eileen Daley (resigned 31 May 2018) Stan Parry (resigned 31 July 2018) Isaac Otomewo (appointed 1 June 2018) Lewis Palin (appointed 1 September 2018)
Governors	Julie Ann Davies Stan Parry (resigned 31 July 2018) Dee McIlmurray, Chair of Governors Karen Earl Eileen Daly (resigned 15 May 2018) Lewis Palin, Vice Chair of Governors Paul Earley Alan Morgan Isaac Otomewo John Edwards Lyndsey Bastock (appointed 1 April 2018)
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 Khalid Sharron Johnson

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
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Bankers	Lloyds TSB 125 High Street Birmingham B17 9NP
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HILLCREST SCHOOL AND SIXTH FORM CENTRE
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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

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 academy trust. The Governors of Hillcrest School and Sixth Form Centre are also the directors of the Charitable Company for the purpose of company law. Details of the Governors who served during the year are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

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

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.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

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.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

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.

ORGANISATIONAL STRUCTURE

The structure of the Academy consists of three senior levels: the Board of Governors, including the Head

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

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 sub committee has its own terms of reference detailing the responsibilities discharged to the sub committee, 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 sub committee 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
- Governors Ofsted Group

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

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

PAY POLICY FOR 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.

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

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	£544
Total pay bill	£3,114,852
Percentage of total pay bill spent on facility time	0.017%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Academy continues to work in partnership with the twelve other schools in the Oaks Collegiate, including 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.

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.

PRINCIPAL 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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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES 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, developing secure knowledge, understanding and skills.
- To ensure disadvantaged students at Hillcrest perform as well as all other students nationally.
- To continue to increase the number of GCSE grade 4+, 5+ and 7+.
- To continue to improve outcomes for students with SEND and high prior attainment.
- To ensure all students at Hillcrest have access to a range of careers advice and guidance.
- To ensure all students at Hillcrest know how to keep themselves safe in a range of situations.

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

Teaching, Learning and Assessment

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

1. making effective use of assessment information to match tasks to students' needs and abilities;
2. ensuring learning activities and questioning techniques engage and challenge all students fully;
3. encouraging all students to take responsibility for their own learning and develop their independent learning skills using 'flipped learning' and the six effective learning strategies.
4. ensuring that marking and feedback always make clear the next steps a student needs to take to make further progress;
5. ensuring all students have time to reflect on their feedback and make adjustments, supporting them to make further progress.

Personal development, behaviour and welfare

To continue to develop student support and reward systems including 'Getting It Right' behaviour and attendance scheme, PREVENT and IAG.

PUBLIC BENEFIT

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

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 seventh period of operation.

There were 486 students on roll in year 7 to 11 and 51 students in the Sixth Form, on 31st August 2018.

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

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

Tables 1 and 2 below provide a summary of the Academy's performance in the summer 2017 examination season:

KEY PERFORMANCE INDICATORS

Table 1. Summary of GCSE examination results

GCSE	2017/18 Target	2017/18 Results
Progress 8 Score	>0	+0.86
Attainment 8 Score	43.75	52.2
Grade 4+ GCSE in Maths and English	65%	76%
Grade 5+ GCSE in Maths and English	40%	48%
Ebacc at grade 5+	25%	26%
3 x 7+ grades at GCSE	20%	27%

Table 2. Summary of A Level examination results

A Level and BTEC L3	2017/18 Target	2017-18 Results
Pass rate A2	100%	100%
A*- B Grades	20%	27%
A*-C Grades	60%	62%

2018-19 Targets

GCSE	2018/19 Target
Progress 8 Score	>0
Attainment 8 Score	43.39
Grade 4+ GCSE in Maths and English	45%
Grade 5+ GCSE in Maths and English	35%
Ebacc 4+	35%
Ebacc 5+	25%
% Grade 7+	12%
A Level and BTEC L3	2018/19 Target
Pass rate	100%
A*- B Grades	20%
A*-C Grades	60%

REVIEW OF ACTIVITIES

The Academy received income into its Unrestricted Fund, Restricted General Funds and Restricted Fixed Asset Fund during 2017/18:

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

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

made against them, are detailed in the SOFA. General Restricted Fund income for the year was £3,547,231; expenditure against the fund was £3,738,197, giving an in year deficit of £190,966 before transfers and losses.

Unrestricted Funds

Income received into the Unrestricted Fund was £111,599. Expenditure against the fund was £60,815 for the year, giving an in year carry forward of £50,784 before transfers.

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 £177,932.

The SOFA details a £6,076,327 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 2018 was £4,851,372 comprised of £331,045, £NIL and £6,076,327 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £1,556,000.

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 £5,664,458 as at 31st August 2018. The movement in this account is detailed in note 12.

Cash in hand at 31st August 2018 was £597,563.

The Reserves and Investment Policies are detailed on the next page.

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 £400,000. 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.

The Academy's free reserves as at 31st August 2018 were £331,045. 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.

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

INVESTMENTS 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.

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.

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.

GOING CONCERN

After consideration of the school's financial position, its financial plans, (including projected student numbers), the demand for places and the broader environment, the Board of Governors has a reasonable expectation that the Academy has and will continue to have adequate resources to enable it to be a sustainable going concern in 2018/2019 and for the foreseeable future. The Academy will continue to ensure best value of all contracts/supplies, make in year savings where possible and regularly review staffing expenditure. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

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

FUNDS HELD AS CUSTODIAN

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.

FUNDRAISING

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

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the Charitable Company's 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 Governors' report was approved by order of the Board of Governors, as the company directors, on 11 December 2018 and signed on its behalf by:


Dee McMurray
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.

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 Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Julie Ann Davies	5	5
Stan Parry	5	5
Dee McIlmurray, Chair of Governors	4	5
Karen Earl	3	5
Eileen Daly	0	3
Lewis Palin, Vice Chair of Governors	2	5
Paul Earley	5	5
Alan Morgan	4	5
Isaac Otomewo	3	5
John Edwards	3	5
Lyndsey Bastock	3	3

Governor's review annually their priorities for the next 3 years. Current priorities include:

- Curriculum review in response to the demands of the more challenging GCSE, A level and BTEC Level 3 courses and the tracking of students' performance from Year 7 towards these linear qualifications.
- 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.

The Finance and Operations 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)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Julie Ann Davies	6	6
Karen Earl	6	6
Eileen Daley	0	3
Paul Earley	6	6
Alan Morgan	5	6
Isaac Otomewo	5	6
John Edwards	6	6
Lyndsey Bastock	2	2

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 ongoing 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of 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 2017 to 31 August 2018

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GOVERNANCE STATEMENT (continued)

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Crowe U.K. LLP, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Charitable Company's financial systems. In particular the checks carried out in the current period included:

- Purchasing
- Payroll

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 Board of 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:

- the work of the external auditor;
- the financial management and governance self-assessment process;
- 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 Finance and Operations Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 11 December 2018 and signed on their behalf, by:



Dee McIlmurray
Chair of Trustees



Julie Ann Davies
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hillcrest School and Sixth Form Centre I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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: 11 December 2018

HILLCREST SCHOOL AND SIXTH FORM CENTRE
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as Governors of Hillcrest School and Sixth Form Centre and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 Governors on 11 December 2018 and signed on its behalf by:



Dee McMurray
Chair of Trustees

HILLCREST SCHOOL AND SIXTH FORM CENTRE
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**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 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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**

OTHER INFORMATION

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

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 Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' 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 Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' Responsibilities, the Governors (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 Governors 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 Governors 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

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**

going concern basis of accounting unless the Governors 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: 12 December 2018

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

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

In accordance with the terms of our engagement letter dated 7 November 2012 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillcrest School and Sixth Form Centre during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hillcrest School and Sixth Form Centre and the 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hillcrest School and Sixth Form Centre and the 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 1 September 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HILLCREST
SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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

Crowe UK LLP

Crowe U.K. LLP

Reporting Accountant

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: *12 December 2018*

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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	177,932	177,932	848,526
Charitable activities	5	68,799	3,547,231	-	3,616,030	3,640,163
Other trading activities	3	42,034	-	-	42,034	39,495
Investments	4	766	-	-	766	1,158
TOTAL INCOME		111,599	3,547,231	177,932	3,836,762	4,529,342
EXPENDITURE ON:						
Raising funds		25,576	-	-	25,576	27,277
Charitable activities		35,239	3,738,197	197,312	3,970,748	3,955,272
TOTAL EXPENDITURE	6	60,815	3,738,197	197,312	3,996,324	3,982,549
NET BEFORE TRANSFERS		50,784	(190,966)	(19,380)	(159,562)	546,793
Transfers between Funds	16	(44,370)	57,966	(13,596)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		6,414	(133,000)	(32,976)	(159,562)	546,793
Actuarial gains on defined benefit pension schemes	20	-	401,000	-	401,000	75,000
NET MOVEMENT IN FUNDS		6,414	268,000	(32,976)	241,438	621,793
RECONCILIATION OF FUNDS:						
Total funds brought forward		324,631	(1,824,000)	6,109,303	4,609,934	3,988,141
TOTAL FUNDS CARRIED FORWARD		331,045	(1,556,000)	6,076,327	4,851,372	4,609,934

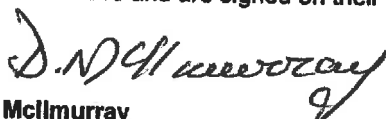
The notes on pages 25 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		5,664,458		5,239,993
CURRENT ASSETS					
Debtors	13	310,687		813,358	
Cash at bank and in hand		597,563		526,001	
		<u>908,250</u>		<u>1,339,359</u>	
CREDITORS: amounts falling due within one year	14	(165,336)		(145,418)	
NET CURRENT ASSETS			742,914		1,193,941
TOTAL ASSETS LESS CURRENT LIABILITIES			6,407,372		6,433,934
Defined benefit pension scheme liability	20		(1,556,000)		(1,824,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>4,851,372</u>		<u>4,609,934</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	-		-	
Pension Reserve	16	(1,556,000)		(1,824,000)	
Restricted fixed asset funds	16	6,076,327		6,109,303	
Total restricted income funds			4,520,327		4,285,303
Unrestricted income funds	16		331,045		324,631
TOTAL FUNDS			<u>4,851,372</u>		<u>4,609,934</u>

The financial statements on pages 22 to 44 were approved by the Governors, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:


Dee McIlmurray
Chair of Trustees

The notes on pages 25 to 44 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	<u>514,641</u>	<u>(647,403)</u>
Cash flows from investing activities:			
Interest from investments		766	1,158
Purchase of tangible fixed assets		(621,777)	(15,331)
Capital grants from DfE Group		<u>177,932</u>	<u>848,526</u>
Net cash (used in)/provided by investing activities		<u>(443,079)</u>	<u>834,353</u>
Change in cash and cash equivalents in the year		71,562	186,950
Cash and cash equivalents brought forward		<u>526,001</u>	<u>339,051</u>
Cash and cash equivalents carried forward	19	<u><u>597,563</u></u>	<u><u>526,001</u></u>

The notes on pages 25 to 44 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 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Hillcrest School and Sixth Form Centre constitutes a public benefit entity as defined by FRS 102.

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

1.5 Expenditure

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

Expenditure on raising funds 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.

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

Expenditure is inclusive of irrecoverable VAT.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

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

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

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

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 incorporating income and expenditure account.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the Charitable Company's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Charitable Company's wholly owned subsidiary are held at face value less any impairment.

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

1. ACCOUNTING POLICIES (continued)

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 Governors.

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

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

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 Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. 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 19.

HILLCREST SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Capital grants	177,932	177,932	<i>848,526</i>
	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	<i>848,526</i>	<i>848,526</i>	
	<hr/>	<hr/>	

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

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	21,592	21,592	23,818
Catering income	3,984	3,984	3,459
Other income	16,458	16,458	12,218
	<u>42,034</u>	<u>42,034</u>	<u>39,495</u>
<i>Total 2017</i>	<u>39,495</u>	<u>39,495</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	<u>766</u>	<u>766</u>	<u>1,158</u>
<i>Total 2017</i>	<u>1,158</u>	<u>1,158</u>	

HILLCREST SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant (GAG)	-	3,210,559	3,210,559	2,989,319
Other DfE/ESFA grants	-	336,672	336,672	597,573
	-	3,547,231	3,547,231	3,586,892
Other funding				
School trip income	17,941	-	17,941	2,752
Other income	50,858	-	50,858	50,519
	68,799	-	68,799	53,271
	68,799	3,547,231	3,616,030	3,640,163
<i>Total 2017</i>	43,271	3,596,892	3,640,163	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	-	-	25,576	25,576	27,277
Funding for educational operations:					
Direct costs	2,117,588	-	152,748	2,270,336	2,267,040
Support costs	942,031	436,423	321,958	1,700,412	1,688,232
	3,059,619	436,423	500,282	3,996,324	3,982,549
<i>Total 2017</i>	3,026,171	421,884	534,494	3,982,549	

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

7. SUPPORT COSTS - EDUCATIONAL OPERATIONS

	Total 2018	<i>Total 2017</i>
Premises costs	239,111	242,796
Technology costs	97,618	109,114
Other support costs	205,064	239,979
Governance costs	19,276	21,150
Wages and salaries	613,523	598,329
National insurance	48,909	47,116
Pension cost	279,599	274,478
Depreciation	197,312	155,270
	1,700,412	1,688,232
	<hr/>	<hr/>
<i>Total 2017</i>	1,688,232	<hr/>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	<i>2017 £</i>
Depreciation of tangible fixed assets:		
- owned by the academy	197,312	155,270
Operating lease rentals	4,141	5,070
Fees payable to the Academy's auditor in respect of:		
- the auditing of accounts of associates of the charitable company	10,675	10,350
- all other services	2,850	2,640
	<hr/>	<hr/>

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,162,515	2,101,332
Social security costs	207,779	207,001
Operating costs of defined benefit pension schemes	518,429	511,064
	<u>2,888,723</u>	<u>2,819,397</u>
Agency staff costs	170,896	206,774
	<u><u>3,059,619</u></u>	<u><u>3,026,171</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	40	41
Administration and support	23	24
Management	5	5
	<u>68</u>	<u>70</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £434,593 (2017: £419,888).

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10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2018	2017
		£	£
Julie Ann Davies	Remuneration	75,000-80,000	<i>70,000-75,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
John Edwards	Remuneration	30,000-35,000	<i>30,000-35,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>

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

During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £NIL).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy 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 2018 was £114 (2017 - £120).

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12. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Fixtures and Fittings £	Computer Equipment £	Assets under construction £	Total £
Cost					
At 1 September 2017	5,436,403	460,371	102,773	13,000	6,012,547
Additions	-	-	-	621,777	621,777
Transfer between classes	-	372,141	-	(372,141)	-
At 31 August 2018	5,436,403	832,512	102,773	262,636	6,634,324
Depreciation					
At 1 September 2017	527,758	143,962	100,834	-	772,554
Charge for the year	108,728	87,919	665	-	197,312
At 31 August 2018	636,486	231,881	101,499	-	969,866
Net book value					
At 31 August 2018	4,799,917	600,631	1,274	262,636	5,664,458
At 31 August 2017	4,908,645	316,409	1,939	13,000	5,239,993

The School took out a 125 year lease over the school land and buildings at the date of conversion. The leasehold properties are owned by Birmingham City Council.

13. DEBTORS

	2018 £	2017 £
Trade debtors	509	4,648
Other debtors	118,276	22,084
Prepayments and accrued income	191,902	786,626
	310,687	813,358

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	10,469	27,845
Other taxation and social security	52,320	52,920
Other creditors	80,072	51,739
Accruals and deferred income	22,475	12,914
	165,336	145,418

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

15. 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 2018 the trust received £10,500 (2017: £11,813) and disbursed £12,828 (2017: £12,453) from the fund. An amount of £5,267 (2017: £7,595) is included in other creditors relating to undistributed funds.

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	324,631	111,599	(60,815)	(44,370)	-	331,045
Restricted funds						
General Annual Grant (GAG)	-	3,210,559	(3,268,525)	57,966	-	-
Pension Reserve	(1,824,000)	-	(133,000)	-	401,000	(1,556,000)
Other restricted funds	-	336,672	(336,672)	-	-	-
	(1,824,000)	3,547,231	(3,738,197)	57,966	401,000	(1,556,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - general funds	5,239,993	13,596	(197,312)	608,181	-	5,664,458
Capital grants	869,310	164,336	-	(621,777)	-	411,869
	6,109,303	177,932	(197,312)	(13,596)	-	6,076,327
Total restricted funds	4,285,303	3,725,163	(3,935,509)	44,370	401,000	4,520,327
Total of funds	4,609,934	3,836,762	(3,996,324)	-	401,000	4,851,372

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.

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

16. STATEMENT OF FUNDS (continued)

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

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Unrestricted funds	310,087	83,924	(35,428)	(33,952)	-	324,631
Restricted funds						
General Annual Grant (GAG)	-	2,989,319	(3,034,278)	44,959	-	-
Pension Reserve	(1,749,000)	-	(150,000)	-	75,000	(1,824,000)
Other restricted funds	-	607,573	(607,573)	-	-	-
	<u>(1,749,000)</u>	<u>3,596,892</u>	<u>(3,791,851)</u>	<u>44,959</u>	<u>75,000</u>	<u>(1,824,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - general funds	5,379,932	13,000	(155,270)	2,331	-	5,239,993
Capital grants	47,122	835,526	-	(13,338)	-	869,310
	<u>5,427,054</u>	<u>848,526</u>	<u>(155,270)</u>	<u>(11,007)</u>	<u>-</u>	<u>6,109,303</u>
Total restricted funds	<u>3,678,054</u>	<u>4,445,418</u>	<u>(3,947,121)</u>	<u>33,952</u>	<u>75,000</u>	<u>4,285,303</u>
Total of funds	<u>3,988,141</u>	<u>4,529,342</u>	<u>(3,982,549)</u>	<u>-</u>	<u>75,000</u>	<u>4,609,934</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	5,664,458	5,664,458
Current assets	496,381	-	411,869	908,250
Creditors due within one year	(165,336)	-	-	(165,336)
Provisions for liabilities and charges	-	(1,556,000)	-	(1,556,000)
	<u>331,045</u>	<u>(1,556,000)</u>	<u>6,076,327</u>	<u>4,851,372</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	5,239,993	5,239,993
Current assets	470,049	-	869,310	1,339,359
Creditors due within one year	(145,418)	-	-	(145,418)
Provisions for liabilities and charges	-	(1,824,000)	-	(1,824,000)
	<u>324,631</u>	<u>(1,824,000)</u>	<u>6,109,303</u>	<u>4,609,934</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(159,562)	546,793
Adjustment for:		
Depreciation charges	197,312	155,270
Interest from investments	(766)	(1,158)
Decrease/(increase) in debtors	502,694	(650,533)
Increase in creditors	19,895	751
Capital grants from DfE and other capital income	(177,932)	(848,526)
Defined benefit pension scheme cost less contributions payable	87,000	112,000
Defined benefit pension scheme finance cost	46,000	38,000
Net cash provided by/(used in) operating activities	<u>514,641</u>	<u>(647,403)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	597,563	526,001
Total	597,563	526,001

20. PENSION COMMITMENTS

The Charitable Company's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £43,649 were payable to the schemes at 31 August 2018 (2017 - 43,753) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £238,238 (2017 - £236,586).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £146,000 (2017 - £117,000), of which employer's contributions totalled £109,000 (2017 - £82,000) and employees' contributions totalled £38,000 (2017 - £35,000). The agreed contribution rates for future years are 15.1% for employers and 5.8 - 6.5% for employees.

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

As the scheme is in deficit, Hillcrest School and Sixth Form Centre has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels. The contribution levels which apply are as follows:

1 April 2018 - 31 March 2019	£38,700
1 April 2019 - 31 March 2020	£40,200

The Academy has not yet been advised of how many years, nor at what level, this contribution will continue at in future years.

West Midlands Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %

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20. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
Retiring today		
Males	21.9 years	<i>21.8 years</i>
Females	24.4 years	<i>24.3 years</i>
Retiring in 20 years		
Males	24.1 years	<i>24.0 years</i>
Females	26.7 years	<i>26.6 years</i>

	At 31 August 2018 £'000	<i>At 31 August 2017 £'000</i>
Sensitivity analysis on scheme liabilities		
Discount rate +0.1%	3,512	<i>3,595</i>
Discount rate -0.1%	3,680	<i>3,767</i>
Mortality assumption - 1 year increase	3,712	<i>3,800</i>
Mortality assumption - 1 year decrease	3,482	<i>3,564</i>

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

	Fair value at 31 August 2018 £'000	<i>Fair value at 31 August 2017 £'000</i>
Equities	1,290	<i>1,174</i>
Gilts	147	<i>136</i>
Other bonds	76	<i>71</i>
Property	165	<i>136</i>
Cash and other liquid assets	76	<i>92</i>
Other	285	<i>247</i>
Total market value of assets	2,039	<i>1,856</i>

The actual return on scheme assets was £23,000 (2017 - £280,000).

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20. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	218,000	193,000
Net interest on the defined liability	46,000	38,000
Admin expenses	1,000	1,000
	<u>265,000</u>	<u>232,000</u>
Total	<u>265,000</u>	<u>232,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,680,000	3,215,000
Employee contributions	35,000	35,000
Actuarial (gains)/losses	(428,000)	172,000
Current service cost	218,000	193,000
Interest cost	96,000	71,000
Benefits paid	(6,000)	(6,000)
	<u>3,595,000</u>	<u>3,680,000</u>
Closing defined benefit obligation	<u>3,595,000</u>	<u>3,680,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,856,000	1,466,000
Actuarial gains/(losses)	(27,000)	247,000
Employer contributions	132,000	82,000
Employee contributions	35,000	35,000
Interest on assets	50,000	33,000
Benefits paid	(6,000)	(6,000)
Admin expenses	(1,000)	(1,000)
	<u>2,039,000</u>	<u>1,856,000</u>
Closing fair value of scheme assets	<u>2,039,000</u>	<u>1,856,000</u>

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21. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	3,715	4,141
Between 1 and 5 years	5,346	2,051
Total	<u>9,061</u>	<u>6,192</u>

22. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

23. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.