

The Hill Trust
(A company limited by guarantee)

**Annual Report and
Financial Statements
2016-2017**

THE HILL TRUST

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REFERENCE AND ADMINISTRATION DETAILS FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

Members	Mr M Nelson Mrs S McMonagle (resigned 8 th February 2017) Mr J Rodrigues Mr R Umpelby
Trustees	Mr P Sagar (Chair of Board) Mr JRG Arthur (appointed 3 rd July 2017) Mr S Charlton (Headteacher / CEO) Miss S Mann (Teacher / Data Protection Officer) Mr I Perry Mr J Rodrigues Mr P Womersley
Company Secretary	Mrs CE Shalom (Chief Financial Officer)
Senior Leadership Team	Mr S Charlton (Headteacher) Mr J Firth (Assistant Head) Mrs M Jessop (Assistant Head) Mrs CE Shalom (Chief Financial Officer) Miss D West (Deputy Head)
Principal and Registered Office	Bredon Hill Academy Elmley Road Ashton Under Hill Evesham Worcestershire England WR11 7SW
Registered Company Number	10177811
Statutory Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
Bankers	Lloyds TSB PO Box 1000 BX1 1LT
Solicitors	Legal and Democratic Services Worcestershire County Council County Hall Spetchley Road Worcester Worcestershire WR5 2N

THE HILL TRUST

TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and the auditor's report of The Hill Trust for the period ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust's principal activities are, for the public benefit to:

- Advance and promote education by, in particular but not limited to, the provision of facilities or property for any educational institution;
- Advance any other purposes which are exclusively charitable within the laws of England and Wales as may be determined by the trustees.

Structure, Governance and Management

Constitution

The Hill Trust was incorporated on 12 May 2016 as a Multi Academy Trust (MAT), the Trust's operations commenced when the first Academy opened on 1 September 2016. The Hill Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The Trustees of The Hill Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Hill Trust.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust provides indemnity insurance to cover the liability of the Trustees and Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust.

Recruitment and Appointment of New Trustees

The Trust shall have no more than 12 trustees. Trustees are recruited and approved by the members according to the needs of the board and the skill set required. There must be a minimum of two parent trustees who must be a parent of a pupil at any of the academies in the trust at the time when they are elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction for trustees and governors will depend on their prior experience and/or knowledge. All new governors attend a 3 day course which they must complete within the first 3 months of their appointment. Ongoing training is given by the Local Authority and the National Governors Association.

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Organisational Structure

The members of the Trust appoint the Trustees. The Trustees are responsible for the overall strategic direction and financial performance of The Hill Trust MAT. Each academy within the Trust has a local governing body which is in effect a sub-committee of the main board of directors and concentrates on the day to day running of the academy in accordance with the scheme of delegation. The Headteacher is the link between local governors and the Trustees as he resides on both boards.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Arrangements for pay and remuneration of the Trust's key management personnel is outlined in The Hill Trust's Pay Policy.

Related Parties and Other Connected Charities and Organisations

There have been no related party transactions during the period.

Objectives and Activities

Objectives, Strategies and Activities

The principal activity of the charitable company is the operation of The Hill Trust to provide a high standard of education to all pupils.

The Trust is governed, led and managed in a way that is reflective and self-critical. It is both ambitious but also realistic about future planning both strategic and developmental. It is also prudent with budgeting and constantly mindful of the challenging and uncertain financial times within the public and in particular educational sector.

We are an outward looking organisation willing to collaborate and share school-to-school support in keeping with the changing landscape. First class communication is a vital aspect of ensuring that the vision and direction of the Trust is clearly articulated. The website is integral in ensuring that pupils, parents, staff and the community at large, continue to feel engaged and clearly informed regarding the Trusts' values, purpose and direction.

Standards within Bredon Hill Academy are closely monitored by the Data Group that meets on a termly basis. The performance development of staff is closely linked to their professional development needs but also departmental and whole school priorities.

Medium to long-term objectives include:

- To provide the best possible outcomes for pupils. They **must** always be the primary focus of our work.
- To maintain the highest standards of learning and teaching.
- To 'holistically' develop the pupils through highly effective pastoral care, PSHE and co-curricular activities and enrichment.
- Maintain and develop the existing buildings and resources to provide facilities that are fit for 21st century learning.
- To continue to retain and recruit staff of the highest calibre who are self-reflective practitioners.
- To maintain and update the IT infrastructure for both educational and administrative purposes.
- Foster excellent relationships with all stakeholders; support and receive support from other schools.

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- To remain financially stable, with strong internal controls and provide value for money in all aspects of our work.
- To grow the Trust to a maximum of 5 schools in the next 3 – 5 years.

Public Benefit

In setting our objectives the Trustees' have given careful consideration to the Charity Commissions guidance on public benefit.

All the activities undertaken by the Trust are for the education of its pupils and the good of the wider local community. As such the primary objective of the Trust is to support those objectives and there is no financial return to any shareholders.

Strategic Report

Achievements and Performance including Key Performance Indicators

Bredon Hill Academy (BHA)

We were pleased to see an improvement in KS2 SAT's results from summer 2016 to summer 2017. The figure for Reading, Writing and Maths improved 10% from 43% at expected standard to 53%.

Reading continues to be above national by 2%, currently at 73%; as is Writing which is 1% above national at 77%. Maths continues to be an area of focus and, whilst we were pleased with an 8% increase (up from 52% to 60%) for last year, we still remain well below national which is 75%.

The table below compares BHA and national results attainment by Year 6 children in 2017:

BHA data (unvalidated)	BHA	National	Variation
Maths Expected +	60%	75%	-15%
Maths High Attainment	13%	23%	-10%
Reading Expected +	73%	71%	+2%
Reading High Attainment	31%	25%	+6%
Writing Expected +	77%	76%	+1%
Writing Greater Depth	6%	18%	-12%
Spelling and Grammar Expected+	70%	77%	-7%
Spelling and Grammar High Attainment	25%	31%	-6%
Science - Expected +	96%	82%	+14%
Reading, writing and maths Expected+	53%	61%	-8%
Reading, writing and maths High Attainment	2%	9%	-7%

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However, the Academy is a 10-13 Middle school (Year 6 – 8) and therefore only has responsibility for two terms of the KS2 twelve term cycle and can have a limited impact on KS2 performance.

A greater indicator of academic excellence is the end of Year 8 (summer 2017) GL Assessment data where 92% of pupils left BHA with age related expectations (A.R.E.) or above in English, 92% at or above A.R.E. in science and 94% at or above A.R.E. in Maths.

We are extremely proud of the outcomes for pupils at BHA from their starting point to their leaving the Academy at the end of Year 8.

Year 8 Exit Data - Summer 2017

Subject	% Working At Age Expectations +	% Working Above Age Expectations
English	92%	31%
Maths	94%	20%
Science	92%	24%

We are also proud of their achievements in the wider curriculum, both during and after the school day. The school continues to promote the development of the 'whole child' looking beyond purely academic performance.

The 2016/2017 academic year was one of opportunity and excitement with a whole host of activities running alongside the everyday curriculum.

The highlight of the year was three students from Year 8 winning the BP National STEM Challenge award in London. STEM Club continues to nurture the aspirations and dreams of many pupils who have an interest and flair in these areas.

In July we were 'wowed' by our school production, "Annie Junior", and amazed by the talent and commitment for performing arts of so many of our pupils.

The Year 6 Christmas production allowed all Year 6 pupils to perform and was well received by parents and the Arts Evening in July celebrated work across the curriculum from Poetry recitals to Design & Technology and Art displays, dance, music and drama performances.

Sport continues to thrive, in both internal house events and external competitions. The highlight was our U13 rugby side reaching the National Cup Quarter Finals and losing to eventual finalists, Winchester House.

Various trophies were won at all age groups in football (boys and girls), hockey, rugby, netball (the Year 7 girls unbeaten all season), swimming, cross-country, cricket, rounders and athletics.

The 'house' system continues to give all pupils the opportunity for representative honours in school. It was an exceptional year for school sport.

These successes are a testament to the school's pursuit of high performance in all areas, embedded into daily learning.

The work of the school's Eco-Committee and the development of the school's garden and wildlife area is another facet of our work that makes us extremely proud. This affords a number of opportunities and positions of responsibility for our pupils, as well as being an exceptional learning resource.

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The School has full International School status that enriches our curriculum content and is regularly a focus for year group and full assemblies. Pupils are constantly reminded of their role as global citizens. Our Erasmus and E-Twinning links are well established and we work closely with our partner school in Austria.

BHA has a growing reputation in its work with SEND pupils and is truly comprehensive. A highlight of Wednesday afternoons in the academic year 2016/2017 has been our KS3 Enrichment Programme, allowing Year 7 and 8 pupils an option choice of activities ranging from photography to dance and craft to gardening amongst others. Charities have been supported such as The Royal British Legion Poppy Appeal, Children In Need, Macmillan Cancer Support, NSPCC, Red Nose Day etc that brings an element of humanity and humility to the lives of our pupils.

Extra-curricular residential visits in the academic year 2016/2017 included a ski trip to Italy, a French language and history trip for Year 7, a PGL trip for Year 6 and a London residential trip for Year 8 pupils. This is alongside the day visits such as the Big Bang Fair (science), Pershore field trips (Geography), Language and Dance Festivals, to name but a few.

Staff members at the Academy are skilled, dedicated and passionate about their role; underpinned by a focus on high quality professional development and an effective performance development programme. Staff turnover is generally low with no staff leaving in 2016/2017 but some movement due to maternity cover.

The school's published admission number at 2016/2017 was 162 per year group; the Head attended a number of appeals and there are waiting lists in each year. This bodes well for future financial planning.

Going Concern

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

Financial Review

Financial Report for the period

The Trust was incorporated on 12 May 2016; therefore the reporting period is from 12 May 2016 to 31 August 2017. Trade commenced on 1 September 2016, the Trust was dormant until this date. Bredon Hill Academy was the first academy to join The Hill Trust multi academy trust on 1 September 2016. The majority of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

During the period a total expenditure (not including restricted fixed asset funds or conversion funds) of £2,245,946 was funded by the ESFA grant together with other incoming resources, totalling £2,340,898 (not including restricted fixed asset funds or conversion funds).

The Trust operates a defined benefit pension scheme for support staff and is therefore required to recognise the assets and liabilities of the pension fund on its Balance Sheet. The school has obtained a valuation report from its actuary's, Mercer, which shows at 31 August 2017 the scheme had assets of £122,000 and liabilities of £1,001,000. As such the net deficit in the scheme amounts to £879,000 at 31 August 2017.

Financial Position

The Trust held fund balances at 31 August 2017 of £7,814,981 comprising of £8,408,698 of restricted funds, a pension reserve deficit of £879,000 and £285,283 of unrestricted general funds.

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TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Trust is exposed and identified and implemented strategies for addressing these risks. Significant risks and the measures in place to reduce these risks have been formally documented in the Trust's Risk Register, which is subject to continuing review. The Trustees continue to use the Academies Financial Handbook and associated documentation as a guide for best practice in internal control. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The principle risk areas are the protection of pupils, staff and assets as well as maintaining pupil numbers in order to manage the financial risks. Systems and procedures to minimise these are constantly being reviewed and updated.

The Trust has submitted applications for CIF grant funding and S106 funding to further improve the site facilities at Bredon Hill Academy to address priorities identified through site suitability and conditions reports after taking professional advice and guidance from the trust's property consultants.

Reserves Policy

The Trust's "free" reserves are its funds after excluding restricted funds. "Reserves" are therefore the resources the Trust has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the Trust which is to be spent at the trustees' discretion in furtherance of any of the Trust's objectives but which is not yet spent, committed or designated.

Whilst demands on the Trust's free reserves will therefore vary over the coming years, the Trust's long-term policy is that the appropriate level of free reserves should be at least equivalent to one month's expenditure, currently estimated to be between £155,000 and £220,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trustees are currently managing an excess to the free reserves currently stated in the policy whilst a decision is being reached by the government on the implementation of the National Funding Formula and the effect of the removal of the public sector pay cap is realised.

The Hill Trust has a pension deficit in respect of the Local Government Pension Scheme of £879,000. The liability is included in restricted reserves and the Trust will have to meet any long term liabilities out of restricted reserves. In order to repay the deficit employer contributions will be 17.0%. In addition, in order to protect the fund, phased lump sum deficit contributions have been scheduled over the next three years at an average of £32,400 per annum. It is anticipated that the recovery period is 18 years. This deficit is considered a long term deficit and not an immediate liability.

Investment Policy

The Trustees agree all investments made by the Trust. Investments are currently restricted to deposit accounts in UK banks. Investments are made with regard to Charity Commission guidance in relation to investments.

PLANS FOR FUTURE PERIODS:

The Governors are kept well informed regarding the 'Journey' that the Academy continues to take building on past successes and a traditional ethos based on the values of honesty, discipline and respect. The Academy itself has not been Ofsted inspected as a new school but its predecessor, Bredon Hill Middle School, was rated "Outstanding" at inspection in March 2015.

The A.I.P. (Academy Improvement Plan) addresses the needs of the School in the coming year and there is a firm commitment from staff, senior leaders and governors to strive to maintain an outstanding grade. The senior leadership team are very experienced, never complacent and the School has the capacity to sustain the highest possible grade.

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Since conversion in September 2016, the KS2 outcomes have improved and it is hoped that there will continue to be an upward trend. Outcomes at the end of Year 8 are impressive in comparison to similar schools and there is a constant drive to improve these results, whilst ensuring a broad and balanced curriculum. Bredon Hill Academy is in a strong position and it is recognised as an exceptional school within the community and beyond.

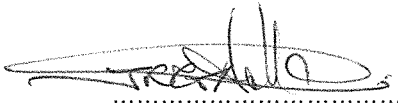
The Trustees are confident that the Academy will continue to build on its existing strengths and address any areas where provision is less than outstanding, through rigorous self-evaluation, action planning and professional development. The Trustees continue to explore opportunities for collaboration with other schools in a Multi Academy Trust and are working with two local first schools and approval has already been granted by the R.H.T.B. (Regional Headteachers Board) for them to join the Trust.

Disclosure of Information to the Auditors

In so far as the Trustees are aware:

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

This report incorporating the strategic report, was approved by order of the Board of Trustees, on 12th December 2017 and signed on the board's behalf by:



JRG Arthur
Trustee

THE HILL TRUST

TRUSTEES' REPORT INCLUDING STRATEGIC REPORT FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Hill Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the report of the Trustees and in the Statement of Trustees Responsibilities. The Board of Trustees has formally met 8 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Mr JRG Arthur (appointed 3 rd July 2017)	0	0
Mr S Charlton	8	8
Miss S Mann	7	8
Mr I Perry	8	8
Mr J Rodrigues	7	8
Mr P Sagar	8	8
Mr P Womersley	6	8

Some of the above have joined during the period which accounts for the variation in attendances.

Further to the decision to create the new Trust, existing governors were designated as either governors on the local governing body of Bredon Hill Academy or directors on the Board of Trustees of The Hill Trust with new trustees being recruited to reflect the needs of the board.

Review of Value for Money

As accounting officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Continually reviewing service level agreements for best value
- Combining staff roles and responsibilities upon natural wastage
- Reviewing staffing roles for creation of the curriculum
- Avoiding waste and unnecessary extravagance

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 the Trust's 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 the The Hill Trust for the period 12 May 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 12 May 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- reviews by the board of trustees and finance 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 some segregation of duties;
- annual review including identification and management of risks.

The Board of Trustees had considered the need for specific internal audit function and has appointed an internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. Twice in the period, covering all three active terms of the educational year, the internal auditor reported to the board of trustees on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities. There have been no material control issues arising from the internal auditor's reports thus far.

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**TRUSTEES' REPORT INCLUDING STRATEGIC REPORT
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017**

Review of Effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditors;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf, by:



JRG Arthur
Trustee



S Charlton
Headteacher and Accounting Officer

THE HILL TRUST

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017**

As accounting officer of The Hill Trust I have considered my responsibility to notify the trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....
S Charlton
Accounting Officer

12 December 2017
Date

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

The trustees (who act as governors of The Hill Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with the Annual 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 trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 operation.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf by:



JRG Arthur
Trustee

THE HILL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HILL TRUST FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

Opinion

We have audited the financial statements of The Hill Trust for the period from 12 May 2016 to 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017, and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2016 to 2017 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 academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust'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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

THE HILL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HILL TRUST FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' 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 trustees' responsibilities statement, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

THE HILL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HILL TRUST FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

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

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

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


.....
Scott Lawrence (Senior Statutory Auditor)

.....13/12/17
Date

For and on behalf of Hazlewoods LLP

**Windsor House
Bayshill Road
Cheltenham
GL50 3AT**

THE HILL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF THE HILL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 6 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hill Trust during the period from 12 May 2016 to 31 August 2017 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 The Hill Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Hill Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the The Hill Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE HILL TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting and Pupil & Parents Officer is responsible, under the requirements of The Hill Trust's funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 12 May 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

In this regard we have carried out the following:

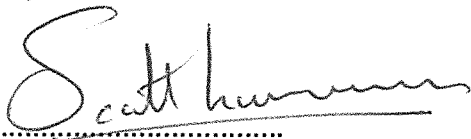
- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the ESFA regarding Academy governance matters during the period; and
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters.

THE HILL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY
OF THE HILL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 12 May 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Scott Lawrence (Reporting Accountant)

13/12/17
.....
Date

For and on behalf of Hazlewoods LLP

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

THE HILL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Assets Funds £	Total 2017 £
INCOME AND					
ENDOWMENTS FROM:					
Donations & Capital grants	2	-	-	10,569	10,569
Transfer from Local authority on conversion	25	255,185	-	8,513,442	8,768,627
Charitable activities:					
Funding for the Academy's educational operations	3	-	2,048,510	-	2,048,510
Other trading activities	4	280,033	12,182	-	292,215
Investment Income	5	173	-	-	173
TOTAL		<u>535,391</u>	<u>2,060,692</u>	<u>8,524,011</u>	<u>11,120,094</u>
EXPENDITURE FROM:					
Charitable activities:					
Academy's educational operations	6, 7	250,108	1,995,838	203,167	2,449,113
Transfer of defined benefit pension deficit on conversion	25	-	868,000	-	868,000
TOTAL	6	<u>250,108</u>	<u>2,863,838</u>	<u>203,167</u>	<u>3,317,113</u>
NET INCOME /					
(EXPENDITURE) FOR THE					
PERIOD					
		285,283	(803,146)	8,320,844	7,802,981
Actuarial gain on defined benefit pension scheme	23	-	12,000	-	12,000
NET MOVEMENT IN FUNDS		285,283	(791,146)	8,320,844	7,814,981
RECONCILIATION OF					
FUNDS					
Total funds brought forward	14	-	-	-	-
TOTAL FUNDS CARRIED					
FORWARD	14	<u>285,283</u>	<u>(791,146)</u>	<u>8,320,844</u>	<u>7,814,981</u>

The Trust was incorporated on 12 May 2016 and its operations commenced on 1 September 2016 when its first academy opened. Therefore the results above are for the academy school year 1 September 2016 to 31 August 2017.

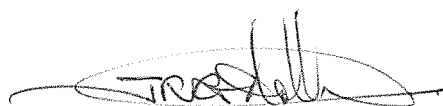
All Activities relate to continuing operations. The Statement of Financial Activities includes all gains and losses recognised in the period. The notes on pages 22 to 37 form part of these financial statements.

THE HILL TRUST

BALANCE SHEET
AS AT 31 AUGUST 2017

			2017
	Note	£	£
FIXED ASSETS			
Tangible assets	11		8,289,732
CURRENT ASSETS			
Debtors	12	42,324	
Cash at bank and in hand		470,908	
		<u>513,232</u>	
LIABILITIES			
Creditors: Amounts falling due within one year	13	<u>(108,983)</u>	
NET CURRENT ASSETS			404,249
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,693,981</u>
Defined benefit pension scheme liability	23		(879,000)
TOTAL NET ASSETS			<u>7,814,981</u>
FUNDS OF THE ACADEMY:			
Restricted funds			
Restricted funds	14		87,854
Restricted fixed asset funds	14		8,320,844
Restricted funds excluding pension liability			8,408,698
Pension reserve			<u>(879,000)</u>
Total restricted funds			7,529,698
Unrestricted income funds	14		285,283
TOTAL FUNDS			<u>7,814,981</u>

The financial statements were approved by the Trustees, and authorised for issue on 12th December 2017 and are signed on their behalf by:



JRG Arthur
Trustee

THE HILL TRUST

CASH FLOW STATEMENT
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

	Note	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by (used in) operating activities	18	191,249
Cash flows from financing activities	19	-
Cash flows from investing activities	20	(4,006)
Cash transferred on conversion to academy trust		283,665
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		<hr/> 470,908
Cash and cash equivalents at 1 September 2017		-
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2017	21	<hr/> <hr/> 470,908

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017**

1 STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation of Financial Statements

The financial statements of the Academy, 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 (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Hill Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Furthermore, the School is in a popular area and is always full from the point of view of pupil numbers. Given this position and the amount of applicants that apply for school places over and above the PAN, then the suggestions are that the School remains in a positive position with regard to the future.

Income

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amount of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

- **Donations**

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

1 ACCOUNTING POLICIES (continued)

- Other income

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

- Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies. No such donated Services or Gifts in Kind were received this year.

Long Leasehold Buildings

The Academy operates in premises leased from Worcestershire County Council under a 125 year agreement commencing 1 September 2016. The valuation of the Buildings was considered by the Trustees on conversion to Academy and was included at what they considered a reasonable estimate of the current market value. Note 11 refers.

Expenditure

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their expected useful lives on the following bases:

Freehold Land, Buildings and Improvements	-	2% - 10% on cost
Fixtures and fittings	-	10% - 20% on cost
Computer equipment	-	20% - 33% on cost

Leased Assets

In respect of leases that are operating leases, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution, are not included in the financial statements until they are sold or distributed.

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.

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017**

1 ACCOUNTING POLICIES (continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and Department for Education.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

None are included in this model but if relevant the suggested disclosure could be as follows, with valuation in line with the SORP 2015.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability.

2 DONATIONS & CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
DFE Devolved Formula	-	10,569	10,569
	-	10,569	10,569

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

3 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted Funds £	Total 2017 £
DfE/ESFA revenue grants			
General Annual Grant (GAG)	-	1,920,650	1,920,650
Other DfE/ESFA grants	-	112,963	112,963
	<u>-</u>	<u>2,033,613</u>	<u>2,033,613</u>
Other government grants			
Local authority grants	-	14,897	14,897
	<u>-</u>	<u>14,897</u>	<u>14,897</u>
Total	<u>-</u>	<u>2,048,510</u>	<u>2,048,510</u>

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Hire of facilities	3,307	-	3,307
Catering	102,156	-	102,156
Trip income	161,808	-	161,808
Music services	12,342	-	12,342
Insurance payouts	-	4,800	4,800
Other	420	7,382	7,802
	<u>280,033</u>	<u>12,182</u>	<u>292,215</u>

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Short term deposits	<u>173</u>	<u>-</u>	<u>173</u>

6 EXPENDITURE

	Staff costs 2017 £	Non Pay Expenditure Premises 2017 £	Other costs 2017 £	Total 2017 £
Academy's educational operations:				
Direct costs	1,547,341	-	295,502	1,842,843
Allocated support costs	202,299	328,007	75,964	606,270
	<u>1,749,640</u>	<u>328,007</u>	<u>371,466</u>	<u>2,449,113</u>

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

6 EXPENDITURE (continued)

Net income/(expenditure) for the period includes:

	Total 2017 £
Depreciation of tangible fixed assets	203,167
Operating leases	3,244
Fees paid to auditor for:	
- Audit fees	7,000
- Other	1,500

7 ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2017 £
DIRECT COSTS	
Teaching and educational support staff costs	1,547,341
Educational supplies and services	295,502
	<u>1,842,843</u>

	Total 2017 £
SUPPORT COSTS	
Support staff costs	202,299
Depreciation	203,167
Maintenance of premises and equipment	43,608
Cleaning	35,918
Energy costs	21,035
Rent and rates	9,246
Insurance	14,566
Security and transport	3,770
Telephone	1,073
Other	367
Print, postage and stationary	4,383
Subscriptions	1,882
Legal and professional fees	28,490
Accountancy and audit	8,500
Bank Charges	856
Software licensing	20,808
Loss on disposal of fixed assets	1,520
Staff development	4,005
Travel and subsistence	777
	<u>606,270</u>
Total	<u>2,449,113</u>

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

8 STAFF

Staff costs

Staff costs were as follows:

	2017 £
Wages and salaries	1,351,953
Social security costs	123,725
Pension costs	243,603
	<u>1,719,281</u>
Supply teacher costs	12,359
Pension finance cost (Note 23)	18,000
	<u>1,749,640</u>

Staff numbers

The average number of persons (including Senior Management Team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2017 No.
Teachers	25
Administration and support	29
Management	5
	<u>59</u>

Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2017 No.
In the band £70,000 - £80,000	1
In the band £50,000 - £60,000	<u>1</u>

The employees participated in the Teachers' Pension Scheme. During the period end 31 August 2017 pension contributions amount to £20,690.

Key management personnel

The key management personnel of the Academy comprise the trustees 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 was £303,543.

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

9 TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees also did not receive any payments, other than expenses, from the Academy in respect of their role and Trustees. The value of Trustees' remuneration, including employer pension contributions, fell within the following bands:

	2017 £
S Charlton (Headteacher)	£80,000 - £90,000
S Mann (Teacher)	£40,000 - £50,000

During the period 31 August 2017, no travel and subsistence expenses were reimbursed to Trustees.

Other related party transaction involving the Trustees are set out in note 24.

10 TRUSTEES' 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 up to £10,000,000 cover on any one claim and the cost for the period ended 31 August 2017 was included in the Schools combined insurance policies amounting to £11,513. The cost of this insurance is included in the total insurance cost and relates to a multiple-line policy provided by the ESFA.

11 TANGIBLE FIXED ASSETS

	Leasehold Land, Buildings & Improvements £	Fixtures and Fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	-	-	-	-
Transfer on conversion	8,413,102	21,790	44,779	8,479,671
Additions	-	-	14,748	14,748
Disposals	-	-	(3,800)	(3,800)
At 31 August 2017	8,413,102	21,790	55,727	8,490,619
Depreciation				
At 1 September 2016	-	-	-	-
Charged for the period	168,262	3,437	31,468	203,167
Disposals	-	-	(2,280)	(2,280)
At 31 August 2017	168,262	3,437	29,188	200,887
Net book value				
At 31 August 2017	8,244,840	18,353	26,539	8,289,732

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

11 TANGIBLE FIXED ASSETS (continued)

The Academy operates in premises leased from Worcestershire County Council under a 125 year agreement commencing 1 September 2016. On conversion the Trustees' agree to base their valuation of land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared with the additional benefit derived by the users of the accounts.

Due to the Academy buildings being deemed specialist in nature and therefore not traded in an open market, insurance valuation was deemed to be a reasonable estimate of depreciated replacement cost for recognition purposes.

12 DEBTORS

	2017 £
Other debtors	8,090
Prepayments and accrued income	34,234
	<u>42,324</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £
Trade creditors	21,170
Other taxation and social security	34,595
Other creditors	27,381
Accruals and deferred income	25,837
	<u>108,983</u>

	2017 £
Deferred income brought forward 1 September 2016	-
Resources deferred during the period	4,750
Amounts released from previous years	-
Deferred income carried forward	<u>4,750</u>

Income received during the period ended 31 August 2017 specific to funding for future years has been deferred accordingly.

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS
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14 STATEMENT OF FUNDS

	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Unrestricted funds				
Transfer on conversion	255,185	-	(255,185)	-
Other unrestricted funds	280,206	(250,108)	255,185	285,283
	<u>535,391</u>	<u>(250,108)</u>	<u>-</u>	<u>285,283</u>
Restricted funds				
General Annual Grant (GAG)	1,920,650	(1,837,546)	-	83,104
Other DfE/ESFA grants	112,963	(108,213)	-	4,750
Other government grants	14,897	(14,897)	-	-
Other income	12,182	(12,182)	-	-
Pension reserve	-	(23,000)	(856,000)	(879,000)
	<u>2,060,692</u>	<u>(1,995,838)</u>	<u>(856,000)</u>	<u>(791,146)</u>
Restricted fixed asset funds				
DfE/ESFA Capital grants	10,569	-	29,448	40,017
Devolved formula grant on conversion	33,771	(4,323)	(29,448)	-
Transfer on conversion	8,479,671	(198,844)	-	8,280,827
	<u>8,524,011</u>	<u>(203,167)</u>	<u>-</u>	<u>8,320,844</u>
Total funds	<u>11,120,094</u>	<u>(2,449,113)</u>	<u>(856,000)</u>	<u>7,814,981</u>

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

The Restricted General Fund includes GAG and other grants receivable from the ESFA and Local Authority towards the Academy's educational activities. The Restricted Fixed Asset Fund includes amounts receivable from the ESFA in respect of tangible fixed assets held for Academy use.

The Pension Reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

During the year to 31 August 2017, Bredon Hill Academy was the only school within the Trust. As such, the funds above relate only to Bredon Hill Academy.

No charges for central services arose during the year to 31 August 2017.

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances are represented by:

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Restricted Fixed Asset Funds 2017 £	Total Funds 2017 £
Tangible fixed assets	-	-	8,289,732	8,289,732
Current assets	285,283	196,837	31,112	513,232
Current liabilities	-	(108,983)	-	(108,983)
Pension scheme liability	-	(879,000)	-	(879,000)
	<u>285,283</u>	<u>(791,146)</u>	<u>8,320,844</u>	<u>7,814,981</u>

16 CAPITAL COMMITMENTS

At 31 August 2017, the Academy had capital commitments of £nil.

17 OPERATING LEASE COMMITMENTS

At 31 August 2017, the Academy had annual commitments under non-cancellable operating leases, none of which were for property, as follows:

	2017 £
Expiring within one year	3,244
Expiring within two and five years inclusive	<u>3,020</u>

18 RECONILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £
Net income for the reporting period (as per the statement of financial activities)	7,814,981
Adjusted for:	
Interest receivable	(173)
Loss on disposal of tangible fixed assets	1,520
Depreciation of tangible fixed assets	203,167
Capital grants from DfE and other capital income	(10,569)
Defined benefit pension cost less contributions payable	(7,000)
Defined benefit pension finance cost	18,000
Net transfer on conversion to academy excluding LGPS pension deficit (Note 25)	(8,768,627)
Pension deficit on conversion (Note 25)	868,000
Increase in debtors	(8,553)
Increase in creditors	80,503
Net cash used in Operating Activities	<u>191,249</u>

THE HILL TRUST

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FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

19 CASH FLOWS FROM FINANCING ACTIVITIES

	2017 £
Interest payable	-

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2017 £
Purchase of tangible fixed assets	(14,748)
Interest received	173
Capital grants from DfE/ESFA	10,569
Net cash used in investing activities	(4,006)

21 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £
Cash in hand and at bank	470,908
Total cash and cash equivalents	470,908

22 MEMBERS' LIABILITY

Each member of the Academy 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

23 PENSION COMMITMENTS

The Academy'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. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016. Contributions amounting to £160,425 (TPS) and £96,771 (LGPS) were paid to the schemes during the period to 31 August 2017. £21,430 (TPS) and £5,645 (LGPS) are included in creditors at the end of the year, prepaid LGPS deficit contribution of £18,900 is also included in debtors.

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 (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. 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 £160,425.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

23 PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £114,232, of which employer's contributions totalled £96,771 (which includes £18,900 of prepaid amounts in respect of the period from 1 September 2017 to 31 March 2018) and employees' contributions totalled £17,461. In order to repay the deficit employer contributions will be 17.0%. In addition, in order to protect the fund, phased lump sum deficit contributions have been scheduled over the next three years at an average of £32,400 per annum. It is anticipated that the recovery period is 18 years. This deficit is considered a long term deficit and not an immediate liability.

Principal actuarial assumptions

	2017	2016
Discount rate for scheme liabilities	2.4%	2.1%
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment / inflation	2.2%	1.8%
Inflation assumption (CPI)	2.2%	1.8%

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

	2017	2016
Retiring today -		
Males	22.6	22.6
Females	25.6	25.6
Retiring in 20 years -		
Males	24.8	24.8
Females	27.9	27.9

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were:

	Fair value at 31 August 2017 £,000
Equities	105
Government bonds	-
Other bonds	6
Property	5
Cash	2
Other	4
Total market value of assets	122
Present value of scheme liabilities	(1,001)
Deficit in the scheme	(879)

The actual return on the scheme assets was £8,000.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

23 PENSION COMMITMENTS (continued)

Amounts recognised in the statement of financial activities

	2017 £'000
Current service cost (net of contributions)	5
Total operating charge	<u>5</u>

Analysis of pension finance income/(costs)

	2017 £'000
Expected return on pension scheme assets	1
Interest on pension liabilities	(19)
Pension finance income/(costs)	<u>(18)</u>

Movements in the present value of the Academy's defined benefit obligations:

	2017 £'000
Opening defined benefit liabilities	868
Current service cost	101
Interest cost	19
Employee contributions	17
Actuarial loss / (Gain)	(4)
Benefits paid	-
	<u>1,001</u>

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

	2017 £,000
Opening fair value of scheme assets	-
Expected return on assets	1
Actuarial gains	8
Contributions by employer	97
Contributions by employee	17
Administration cost	(1)
Estimated benefits paid	-
	<u>122</u>

The estimated value of employer contributions for the year ended 31 August 2018 is £84,000

THE HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 MAY 2016 TO 31 AUGUST 2017

24 RELATED PARTY TRANSACTIONS

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

No related party transactions took place during the period ended 31 August 2017.

25 CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 Bredon Hill Middle School converted to Academy Trust status under the Academies Act 2010 and the operations, assets and liabilities were transferred to The Hill Trust from Worcestershire County Council Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method, the assets and liabilities were transferred at fair value and recognised in the balance sheet under appropriate headings with a corresponding amount recognised as income and resources expended in the Statement of Financial Activities as voluntary income and other resources expended.

	Unrestricted funds £	Restricted General fund £	Restricted Fixed Asset Funds £	Total £
Fixed assets				
Freehold Land and Buildings	-	-	8,413,102	8,413,102
IT Equipment	-	-	44,779	44,779
Fixtures and Fittings	-	-	21,790	21,790
Current assets				
Cash and cash equivalents	283,665	-	-	283,665
Devolved formula grant	-	-	33,771	33,771
Current liabilities				
Deferred income	(28,480)	-	-	(28,480)
Pension scheme liability	-	(868,000)	-	(868,000)
	<u>255,185</u>	<u>(868,000)</u>	<u>8,513,442</u>	<u>7,900,627</u>

