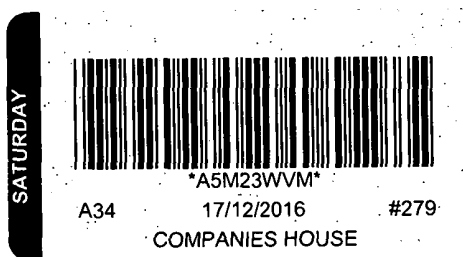


**Registered number: 07744525 (England & Wales)**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**



---

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

---

---

**CONTENTS**

---

	Page
<b>Reference and administrative details</b>	1 - 2
<b>Governors' report</b>	3 - 11
<b>Governance statement</b>	12 - 14
<b>Statement on regularity, propriety and compliance</b>	15
<b>Statement of Governors' responsibilities</b>	16
<b>Independent auditor's report on the financial statements</b>	17 - 18
<b>Independent accountant's assurance report on regularity</b>	19 - 20
<b>Statement of financial activities incorporating income and expenditure account</b>	21
<b>Balance sheet</b>	22
<b>Statement of cash flows</b>	23
<b>Notes to the financial statements</b>	24 - 43

---

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

---

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

<b>Members</b>	Dee McIlmurray Ann Bowden (resigned 24 May 2016) Eileen Daley Stan Parry (appointed 24 May 2016)
<b>Governors</b>	Julie Ann Davies Stan Parry Dee McIlmurray, Chair of Governors Ann Bowden (resigned 25 September 2015) Karen Earl Eileen Daly Lewis Palin Paul Earley Alan Morgan Isaac Otomewo John Edwards Tranum Moghal Ashfaq Ashraf Sheila Wilbanks (appointed 1 September 2015)
<b>Company registered number</b>	07744525
<b>Company name</b>	Hillcrest School and Sixth Form Centre
<b>Principal and registered office</b>	Hillcrest School and Sixth Form Centre Stonehouse Lane Bartley Green Birmingham B32 3AE
<b>Headteacher</b>	Julie Ann Davies
<b>Senior management team</b>	Julie Ann Davies Samuel Abbotts Stephen Connor-Hemming James Foster Sharron Johnson

---

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

---

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**Advisers (continued)**

**Independent auditor** Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers** Lloyds TSB  
125 High Street  
Birmingham  
B17 9NP

---

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

---

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. 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. The Academy has many awards including Healthy Schools Award, International Schools Award, SSAT Award for Outstanding Student Progress 2015 and the Basic Skills Quality Mark.

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.

**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.

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**ORGANISATIONAL STRUCTURE**

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

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

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

The Board of Governors has established three sub-committees. Each 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.

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Academy continues to work in partnership with the nine 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), serving as a Director on the Board and as a Secondary Representative for the Edgbaston Constituency.

**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

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

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

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 close the gap between PP students at Hillcrest and all other students nationally.

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

- To continue to improve outcomes in Maths so that all students are well prepared for the next stage of their education.
- To continue to increase the number of A\*/A grades at GCSE (7+ in Mathematics and English) and A level.
- To continue to improve outcomes for students with SEND.

**Teaching, Learning and Assessment**

Make sure that teaching is consistently good or better, so that students make good progress, by:

1. making effective use of assessment information to match tasks to students' needs and abilities;
2. ensuring we provide learning activities that engage and challenge students fully;
3. encouraging all students to take responsibility for their own learning and develop their independent learning skills using 'flipped learning' and 'review, revise, revisit'.
4. ensuring that marking and feedback always make clear the next steps student need to take to make progress;
5. ensuring 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, Academic Mentoring and IAG.

**PUBLIC BENEFIT**

In setting objectives and planning the Academy's activities, the Board of Governors have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.



---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**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 fifth period of operation.

There were 494 students on roll, including 63 in the sixth form, on 31st August 2016.

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.

Tables 1 and 2 below provide a summary of the Academy's performance in the summer 2016 examination season:

Table 1. Summary of GCSE examination results

GCSE	2015/16 Target	2015/16 Result
Progress 8 Score	>0	+0.07
Attainment 8 Score	49.0	50.42
A* to C GCSE in Maths and English	50%	59%
EBacc	25%	45%
3+ A*/A grades at GCSE	15%	18%

Table 2. Summary of A Level examination results

A Level	2015/16 Target	2015/16 Result
Pass rate A2	100%	100%
3 or more A* B grades at A2	35%	49%
3 or more A* C grades at A2	70%	76%

**KEY PERFORMANCE INDICATORS**

The key performance indicators and objectives for the forthcoming year 16/17 are:

**GCSE**

Positive Progress 8 Score  
35% Grade 9 to 5 in GCSE Maths and English  
10+ % 3 A\*(8) or A (7) grades at GCSE  
25+ % to achieve EBacc

**A Level**

100% pass rate A2  
30% 3 or more A\* B grades at A2  
70% 3 or more A\* C grades at A2

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**REVIEW OF ACTIVITIES**

The Academy received income into its Unrestricted Fund, Restricted General Funds and Restricted Fixed Asset Fund during 2015/16:

**Restricted General Fund**

The majority of the Academy's income was received through Education Funding Agency (EFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Academy's charitable activities, its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £3,349,324; expenditure against the fund was £3,941,524, giving an in year deficit of £592,200 before transfers and losses.

**Unrestricted Funds**

Income received into the Unrestricted Fund was £108,654. Expenditure against the fund was £58,305 for the year, giving an in year carry forward of £50,349 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 £383,927.

The SOFA details a £5,427,054 Restricted Fixed Asset Fund year end surplus after transfers between funds. This is detailed in note 18 to the accounts.

**Summary of Financial Performance**

Total fund balance as at 31st August 2016 was £3,988,141 comprised of £310,087, £NIL and £5,427,054 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £1,749,000.

**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 £5,379,932 as at 31st August 2016. The movement in this account is detailed in note 14.

Cash in hand at 31st August 2016 was £339,051 which includes £240,000 of cash invested in readily accessible money market accounts.

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

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**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 2016 were £310,087. 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.

**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.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The objective of the Academy's Risk Management procedure is to identify the principal risks facing the Academy so that existing controls may be considered and further action taken if required, including external insurance.

The Board of Governors has a comprehensive risk management process to identify and monitor the risks faced by the Academy.

The financial risks considered include: economic / financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial / statutory requirements.

The deficit on the general restricted income fund is due to the deficit of £1,749,000 on the Local Government Pension Scheme which is allocated to this fund. The liability will not crystallise immediately and is guaranteed by the department for education.

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**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.

The key objectives are:

1. To ensure all staff are able to provide learning experiences for students to enable them to meet the demands of the new GCSE and A level courses. This will be achieved through external and internal staff training and our on-going staff development programme.
2. To ensure that all students have the necessary knowledge, skills and understanding to achieve their full potential both academically and socially. This will be achieved through our ongoing focus on the quality of teaching and learning in the classroom and the development of student's independent study skills through 'Show my homework', 'Flipped Learning' and 'Review, revise, re-visits'.
3. To ensure all students have a positive experience of school and know how to keep themselves and others safe at school and in the community. This will be achieved through our SMSC, British Values, safeguarding and child protection work with a particular focus on PREVENT, e-safety, mental health, FGM.
4. To continue to increase student numbers. This will be achieved through a refreshed marketing strategy and relationships with primary schools and other local 11-16 schools.
5. To continue to work in a strategic partnership with the other 9 schools in the Oaks Collegiate to ensure students and staff have access to quality education and training at a local level. This will be achieved by our membership of the cost and our participation in key development opportunities at staff and student level and the exploration of how this partnership will develop over the next 3 years.

---

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

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**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 are confident that, despite significant funding and cost challenges, robust plans are in place to turn around the current in-year deficit position. There will be a further in-year deficit in 2016/17 which will deplete cash and free reserves further but since the start of the current academic year the Academy has had an increase in in-year pupil numbers of 87 which will generate significant additional income. Unfortunately this won't impact until the 2017/18 academic year due to the lag funding basis on which the Academy is funded. In the meantime the Academy will continue to ensure best value of all contracts/supplies, make in year savings where possible and regularly review staffing expenditure. In addition the Academy is contacting the EFA to ensure there are plans in place if the budget deficit can't be reduced sufficiently. For this reason the Academy continues to adopt the going concern principle in preparing its financial statements and 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 2016/17 and for the foreseeable future.

**FUNDS HELD AS CUSTODIAN**

The academy acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA 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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the Charitable Company's auditor in connection with preparing its report and to establish that the Charitable Company's auditor is aware of that information.

**AUDITOR**

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

This report was approved by order of the Board of Governors as the company directors, on 13 December 2016 and signed on its behalf by:



**Dee McIlmurray**  
Chair of Trustees



**Julie Ann Davies**  
Accounting Officer

---

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

---

**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 6 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	6	6
Stan Parry	6	6
Dee McIlmurray, Chair of Governors	6	6
Ann Bowden	0	0
Karen Earl	5	6
Eileen Daly	3	6
Lewis Palin	4	6
Paul Earley	5	6
Alan Morgan	5	6
Isaac Otomewo	4	6
John Edwards	5	6
Tranum Moghal	3	6
Ashfaq Ashraf	1	6
Sheila Wilbanks	4	6

**Governance reviews:**

The Governors undertook a Self Evaluation Review of their effectiveness in July 2015. A skills audit was carried out, which identified a broad range of skills amongst Governors. Governors did, however, identify specific areas for improvement and these will be addressed in the coming academic year.

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;

---

## HILLCREST SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

---

### GOVERNANCE STATEMENT (continued)

---

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Julie Ann Davies	5	6
Karen Earl	6	6
Eileen Daley	1	6
Paul Earley	4	6
Alan Morgan	6	6
Isaac Otomewo	2	6
John Edwards	6	6
Tranum Moghal	1	6

### 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 2015 to 31 August 2016 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

---

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

---

**GOVERNANCE STATEMENT (continued)**

---

Charitable Company's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 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 Clark Whitehill LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Charitable Company's financial systems. On an annual basis, the auditor reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities. The areas covered in the last 12 months include:

- testing of payroll systems
- testing of purchase systems

**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 13 December 2016 and signed on their behalf, by:

  
**Dee McIlmurray**  
Chair of Trustees

  
**Julie Ann Davies**  
Accounting Officer



---

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

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Hillcrest School and Sixth Form Centre I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, 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 2015.

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 2015.

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 EFA.



**Julie Ann Davies**  
**Accounting Officer**

**Date: 13 December 2016**

---

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

---

**STATEMENT OF GOVERNORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

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 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the EFA/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 13 December 2016 and signed on its behalf by:



**Dee McMurray**  
Chair of Trustees

---

**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**

---

We have audited the financial statements of Hillcrest School and Sixth Form Centre for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR**

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON FINANCIAL STATEMENTS**

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 2016 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 2015 to 2016 issued by the Education Funding Agency.

---

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

---

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

---

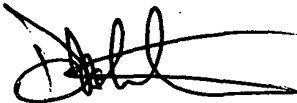
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept, 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.



Dave Darlaston (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands

B69 2DG

Date: 14 December 2016

---

**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 Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA 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 EFA 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 EFA, 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Crowe Clark Whitehill LLP**

**Statutory Auditor**

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

Date: 14 December 2016.

**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 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	383,927	383,927	13,591
Charitable activities	5	69,128	3,349,324	-	3,418,452	3,650,408
Other trading activities	3	36,726	-	-	36,726	47,254
Investments	4	2,800	-	-	2,800	2,782
<b>TOTAL INCOME</b>		<b>108,654</b>	<b>3,349,324</b>	<b>383,927</b>	<b>3,841,905</b>	<b>3,714,035</b>
<b>EXPENDITURE ON:</b>						
Raising funds		28,160	-	-	28,160	63,141
Charitable activities		30,145	3,941,524	151,582	4,123,251	4,082,902
<b>TOTAL EXPENDITURE</b>	6	<b>58,305</b>	<b>3,941,524</b>	<b>151,582</b>	<b>4,151,411</b>	<b>4,146,043</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>50,349</b>	<b>(592,200)</b>	<b>232,345</b>	<b>(309,506)</b>	<b>(432,008)</b>
Transfers between Funds	16	(184,730)	197,966	(13,236)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>		<b>(134,381)</b>	<b>(394,234)</b>	<b>219,109</b>	<b>(309,506)</b>	<b>(432,008)</b>
Actuarial losses on defined benefit pension schemes	20	-	(743,000)	-	(743,000)	(93,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(134,381)</b>	<b>(1,137,234)</b>	<b>219,109</b>	<b>(1,052,506)</b>	<b>(525,008)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		444,468	(611,766)	5,207,945	5,040,647	5,565,655
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>310,087</b>	<b>(1,749,000)</b>	<b>5,427,054</b>	<b>3,988,141</b>	<b>5,040,647</b>

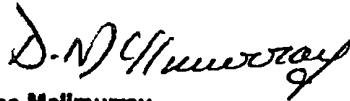
The notes on pages 24 to 42 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	12		5,379,932		5,207,945
<b>CURRENT ASSETS</b>					
Debtors	13	162,826		158,511	
Cash at bank and in hand		339,051		732,379	
		<u>501,876</u>		<u>890,890</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(144,667)		(120,188)	
<b>NET CURRENT ASSETS</b>			<u>357,209</u>		<u>770,702</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,737,141</u>		<u>5,978,647</u>
Defined benefit pension scheme liability	20	(1,749,000)		(938,000)	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>3,988,141</u>		<u>5,040,647</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	16	-		326,234	
Pension reserve	16	(1,749,000)		(938,000)	
Restricted fixed asset funds	16	5,427,054		5,207,945	
Total restricted funds			<u>3,678,054</u>		<u>4,596,179</u>
Unrestricted funds	16		<u>310,087</u>		<u>444,468</u>
<b>TOTAL FUNDS</b>			<u>3,988,141</u>		<u>5,040,647</u>

The financial statements were approved by the Governors, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:

  
**Dee McIlmurray**  
Chair of Trustees

The notes on pages 24 to 42 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 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	(468,413)	(308,242)
<b>Cash flows from investing activities:</b>			
Interest from investments		2,800	2,782
Purchase of tangible fixed assets		(311,642)	(24,514)
Capital grants from DfE/EFA		383,927	13,591
<b>Net cash provided by/(used in) investing activities</b>		<b>75,085</b>	<b>(8,141)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(393,328)</b>	<b>(316,383)</b>
Cash and cash equivalents brought forward		732,379	1,048,762
<b>Cash and cash equivalents carried forward</b>	19	<b>339,051</b>	<b>732,379</b>

The notes on pages 24 to 42 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 2016**

---

**1. ACCOUNTING POLICIES**

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

**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 2015 to 2016 issued by EFA, 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.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Hillcrest School and Sixth Form Centre prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Hillcrest School and Sixth Form Centre for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

**1.2 Company status**

The Charitable Company is a company limited by guarantee. The Charitable Company is incorporated in England & Wales, registered number 07744625. 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.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1. ACCOUNTING POLICIES (continued)**

**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. 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 are confident that, despite significant funding and cost challenges, robust plans are in place to turn around the current in-year deficit position. There will be a further in-year deficit in 2016/17 which will deplete cash and free reserves further but since the start of the current academic year the Academy has had an increase in in-year pupil numbers of 87 which will generate significant additional income. Unfortunately this won't impact until the 2017/18 academic year due to the lag funding basis on which the Academy is funded. In the meantime the Academy will continue to ensure best value of all contracts/supplies, make in year savings where possible and regularly review staffing expenditure. In addition the Academy is contacting the EFA to ensure there are plans in place if the budget deficit can't be reduced sufficiently. For this reason the Academy continues to adopt the going concern principle in preparing its financial statements and 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 2016/17 and for the foreseeable future.

**1.4 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 the Department for Education 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 and include grants from the Education Funding Agency.

---

## **HILLCREST SCHOOL AND SIXTH FORM CENTRE**

**(A company limited by guarantee)**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**

---

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.5 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 grants 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.

##### **1.6 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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed 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

**1.8 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.

**1.9 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.10 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.

**1.11 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.12 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1. ACCOUNTING POLICIES (continued)**

**1.13 Liabilities and provisions**

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

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

**1.14 Financial instruments**

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgments in performing this valuation can be found in note 1.19.

---

## HILLCREST SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 1. ACCOUNTING POLICIES (continued)

##### 1.15 Pensions

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 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 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

##### 1.16 Recognition of liabilities

Liabilities are only recognised when the Academy has an obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation.

##### 1.17 Agency arrangements

The academy acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA 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**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1. ACCOUNTING POLICIES (continued)**

**1.18 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 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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**

	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Capital grants	<b>383,927</b>	<b>383,927</b>	<b>13,591</b>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £13,591 was to restricted funds



---

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Total funds 2016 £	<i>As restated</i> Total funds 2015 £
Hire of facilities	21,910	21,910	24,925
Catering income	6,250	6,250	6,046
Other income	8,566	8,566	16,283
	<u>36,726</u>	<u>36,726</u>	<u>47,254</u>

In 2015, of the total income from other trading activities, £47,254 was to unrestricted funds and £ NIL was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	2,800	2,800	2,782

In 2015, of the total investment income, £2,782 was to unrestricted funds and £ NIL was to restricted funds.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	3,042,304	3,042,304	3,272,810
Other DfE/EFA grants	-	307,020	307,020	301,366
	<u>-</u>	<u>3,349,324</u>	<u>3,349,324</u>	<u>3,574,176</u>
<b>Other funding</b>				
School trip income	25,803	-	25,803	43,792
Other income	43,325	-	43,325	32,440
	<u>69,128</u>	<u>-</u>	<u>69,128</u>	<u>76,232</u>
	<u>69,128</u>	<u>3,349,324</u>	<u>3,418,452</u>	<u>3,650,408</u>

In 2015, of the total income from charitable activities, £48,513 was to unrestricted funds and £3,601,895 was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	28,160	28,160	63,141
Academy's educational operations:					
Direct costs	2,359,721	-	183,066	2,542,787	2,533,845
Support costs	780,951	439,497	360,016	1,580,464	1,549,057
	<u>3,140,672</u>	<u>439,497</u>	<u>571,242</u>	<u>4,151,411</u>	<u>4,146,043</u>

In 2016, of the total expenditure, £30,145 (2015 - £108,034) was from unrestricted funds and £4,121,266 (2015 - £3,938,783) was from restricted funds.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**7. SUPPORT COSTS - EDUCATIONAL OPERATIONS**

	Total 2016	Total 2015
Premises costs	266,005	304,867
Technology costs	117,691	117,659
Other support costs	246,705	214,834
Governance costs	17,530	17,085
Wages and salaries	570,806	560,255
National insurance	43,454	29,172
Pension cost	166,691	155,276
Depreciation	151,582	149,909
	<u>1,580,464</u>	<u>1,549,057</u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the academy	151,582	149,909
Operating lease rentals	5,319	17,998
Fees payable to the Academy's auditor in respect of:		
- the auditing of accounts of associates of the charitable company	10,000	9,700
- all other services	<u>3,345</u>	<u>3,815</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**9. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,274,138	2,308,948
Social security costs	194,063	168,509
Operating costs of defined benefit pension schemes	433,272	385,337
	<u>2,901,473</u>	<u>2,862,794</u>
Supply teacher costs	219,688	218,431
Staff restructuring costs	19,511	-
	<u>3,140,672</u>	<u>3,081,225</u>

Staff restructuring costs comprise:

Redundancy payments	6,071	-
Severance payments	13,440	-
	<u>19,511</u>	<u>-</u>

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

	2016 No.	2015 No.
Teachers	49	54
Administration and support	30	32
Management	5	7
	<u>84</u>	<u>93</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £13,440 (2015: £nil).

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 £370,891 (2015: £354,851).

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**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:

		2016 £	2015 £
Julie Ann Davies	Remuneration	65,000-70,000	65,000-70,000
	Pension contributions paid	10,000-15,000	5,000-10,000
John Edwards	Remuneration	30,000-35,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000

During the year, no Governors received any benefits in kind (2015 - £NIL).

During the year, no Governors received any reimbursement of expenses (2015 - £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 2016 was £1,002 (2015 - £973).

**12. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £	Fixtures and Fittings £	Computer Equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2015	5,436,403	136,465	100,779	-	5,673,647
Additions	-	-	-	323,569	323,569
At 31 August 2016	5,436,403	136,465	100,779	323,569	5,997,216
<b>Depreciation</b>					
At 1 September 2015	310,302	77,980	77,420	-	465,702
Charge for the year	108,728	19,495	23,359	-	151,582
At 31 August 2016	419,030	97,475	100,779	-	617,284
<b>Net book value</b>					
At 31 August 2016	5,017,373	38,990	-	323,569	5,379,932
At 31 August 2015	5,126,101	58,485	23,359	-	5,207,945

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**13. DEBTORS**

	2016 £	2015 £
Trade debtors	1,309	1,331
Other debtors	99,486	97,482
Prepayments and accrued income	62,030	59,698
	<u>162,825</u>	<u>158,511</u>

**14. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	17,674	9,273
Other taxation and social security	52,676	51,792
Other creditors	50,225	47,323
Accruals and deferred income	24,092	11,800
	<u>144,667</u>	<u>120,188</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	-	38,836
Amounts released from previous years	-	(38,836)
	<u>-</u>	<u>-</u>

**15. AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £17,888 (2015: £16,352) and disbursed £9,653 (2015: £16,352) from the fund. An amount of £8,235 (2015: £Nil) is included in other creditors relating to undistributed funds.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**16. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	444,468	108,654	(58,305)	(184,730)	-	310,087
<b>Restricted funds</b>						
General Annual Grant (GAG)	326,234	3,042,304	(3,566,504)	197,966	-	-
Pension reserve	(938,000)	-	(68,000)	-	(743,000)	(1,749,000)
Other Restricted funds	-	307,020	(307,020)	-	-	-
	(611,766)	3,349,324	(3,941,524)	197,966	(743,000)	(1,749,000)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	5,207,945	-	(151,582)	323,569	-	5,379,932
Capital grants	-	383,927	-	(336,805)	-	47,122
	5,207,945	383,927	(151,582)	(13,236)	-	5,427,054
<b>Total restricted funds</b>	4,596,179	3,733,251	(4,093,106)	184,730	(743,000)	3,678,054
<b>Total of funds</b>	5,040,647	3,841,905	(4,151,411)	-	(743,000)	3,988,141

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

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

The restricted income funds are subject to specific expenditure within the Charitable Company's declared objects.

Transfers to or from the restricted fixed asset fund represent purchases from the GAG and capital grants used to meet repairs and maintenance costs.

Other gains and losses relate to the actuarial loss for the year on the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State, the Charitable Company was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
	-	-	-	-	5,207,945
Tangible fixed assets	-	-	5,379,932	5,379,932	-
Current assets	454,754	-	47,122	501,876	890,890
Creditors due within one year	(144,667)	-	-	(144,667)	(120,188)
Provisions for liabilities and charges	-	(1,749,000)	-	(1,749,000)	(938,000)
	<u>310,087</u>	<u>(1,749,000)</u>	<u>5,427,054</u>	<u>3,988,141</u>	<u>5,040,647</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(309,506)	(432,008)
Adjustment for:		
Depreciation charges	151,582	149,909
Interest from investments	(2,800)	(2,782)
Increase in debtors	(4,314)	(4,867)
Increase/(decrease) in creditors	12,552	(55,903)
Capital grants from DfE and other capital income	(383,927)	(13,591)
Defined benefit pension scheme cost less contributions payable	32,000	19,000
Defined benefit pension scheme finance cost	36,000	32,000
Net cash used in operating activities	<u>(468,413)</u>	<u>(308,242)</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	<u>339,051</u>	<u>732,379</u>
Total	<u>339,051</u>	<u>732,379</u>



---

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**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 2013.

Contributions amounting to £41,990 were payable to the schemes at 31 August 2016 (2015 - 42,414) 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**

Not less than every four years 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 will be as at March 2016, 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 £266,581 (2015 - £397,413).

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**20. PENSION COMMITMENTS (continued)**

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](http://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 2016 was £121,000 (2015 - £127,000), of which employer's contributions totalled £89,000 (2015 - £95,000) and employees' contributions totalled £32,000 (2015 - £32,000). The agreed contribution rates for future years are 15.10% for employers and between 5.80% and 6.50% 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 2016 - 31 March 2017    £30,500

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.75 %	4.15 %
Rate of increase for pensions in payment / inflation	2.00 %	2.40 %
Inflation assumption (CPI)	2.00 %	2.40 %

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

	2016	2015
Retiring today		
Males	23.1 years	23.0 years
Females	25.8 years	25.2 years
Retiring in 20 years		
Males	25.3 years	25.6 years
Females	28.1 years	28.0 years

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**20. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	870,000	676,000
Government bonds	102,000	84,000
Other bonds	125,000	114,000
Property	117,000	96,000
Cash/liquidity	94,000	57,000
Other	158,000	104,000
<b>Total market value of assets</b>	<b>1,466,000</b>	<b>1,131,000</b>

The actual return on scheme assets was £230,000 (2015 - £46,000).

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

	2016 £	2015 £
Current service cost	120,000	114,000
Net interest on the defined liability	36,000	32,000
Administration expenses	1,000	-
<b>Total</b>	<b>157,000</b>	<b>146,000</b>
<b>Actual return on scheme assets</b>	<b>230,000</b>	<b>46,000</b>

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**20. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	2,069,000	1,752,000
Contributions by employees	32,000	32,000
Actuarial losses	926,000	98,000
Current service cost	120,000	114,000
Interest cost	83,000	73,000
Benefits paid	(15,000)	-
	<u>3,215,000</u>	<u>2,069,000</u>
Closing defined benefit obligation	<u>3,215,000</u>	<u>2,069,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,131,000	958,000
Actuarial gains and (losses)	183,000	5,000
Contributions by employer	89,000	95,000
Contributions by employees	32,000	32,000
Interest on assets	47,000	41,000
Benefits paid	(15,000)	-
Admin expenses	(1,000)	-
	<u>1,466,000</u>	<u>1,131,000</u>
Closing fair value of scheme assets	<u>1,466,000</u>	<u>1,131,000</u>

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	5,070	4,636
Between 1 and 5 years	6,192	3,742
<b>Total</b>	<u>11,262</u>	<u>8,378</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.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

---

**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.

**24. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Charitable Company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The Local Government Pension Scheme has been adjusted to reflect changes resulting from transition to FRS 102 and whilst there is no difference to report in the net liability, the actuarial loss has decreased by £19,000 to £93,000 with an increase in the charge to expenditure of the same amount.