

Company Registration Number: 08920557 (England and Wales)

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**HOTWELLS PRIMARY SCHOOL TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	C Adams M Wilkinson J deHavilland C McConnell R Logan
Trustees	M Wilkinson, Chair of Trustees ^{1,2} C McConnell, Vice Chair ² C Delor, Headteacher ^{1,2} C Adams R Benson (appointed 7 February 2019) ¹ C Bond ² E Talfan Davies (resigned 29 January 2019) J deHavilland ¹ J Dimpleby ² D Douglas ² M Edwards ² S Healey ² R Howe ¹ R Logan ¹ C Morris ² A Mustafa G Al-Kaisey (appointed 4 July 2019)

¹ Finance and Resources Committee

² Teaching and Learning Committee

**Company registered
number** 08920557

Company name Hotwells Primary School Trust

**Principal and registered
office** Hope Chapel Hill
Hotwells
Bristol
BS8 4ND

Company secretary K Stobie

Chief executive officer C Delor

**Senior management
team** C Delor, Headteacher
A Lambert, Deputy Headteacher
M Edwards, KS2 Phase Leader
L Hooper, EYFS Phase Leader
C Spittlehouse, School Business Manager
K Joner, SENCO Leader

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT
Bankers	Lloyds Bank PLC 163 Whiteladies Road Bristol BS8 2RW
Solicitors	Harrison Clark Rickerbys Solicitors Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD

**HOTWELLS PRIMARY SCHOOL TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 3 to 11 in Hotwells, Bristol. It has a pupil capacity of 218 and had a roll of 208 in the school census on 3 October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

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

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim. The Academy Trust uses the RPA for insurance.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and Funding Agreement:

- up to 6 Trustees who are appointed by the Members of the Academy Trust;
- up to 5 Parent Trustees who are elected by Parents of registered pupils at the Academy;
- up to 2 Staff Trustees who are elected by the Staff; and
- the Headteacher.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

Hotwells has developed a specific Induction policy for new Governors. All Trustees are encouraged to undertake training relevant to their respective roles and advantage is taken of specific training courses offered by qualified bodies, including Bristol City Council (Governor Development Service) and Delegated Services (the Trust's appointed Health and Safety provider).

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of sub committees and other groups. The Board does from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 sub committees as follows:

- Finance and Resources Committee - this meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, property management, health and safety, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also oversees the commissioning of the statutory Audit;
- Teaching and Learning Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to teaching standards, curriculum planning, communications, target setting and assessment, examinations and all pastoral issues;
- Pay Committee – this meets at least twice a year to review the performance of the Headteacher, and ensure the correct determination of the pay of each member of staff at their annual review.
- Audit Committee – oversees the Audit and any arising issues.

The following decisions are reserved to the members: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chair and/or Vice Chair, to appoint the Headteacher and Clerk to the Trustees, to approve the School Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, Key Stage Heads and the School Business Manager.

The SLT controls the Academy Trust at an executive level, implementing the policies laid down by the Trustees and reporting back to them on performance. The Headteacher, School Business Manager and Finance & Resources Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the SLT comprise the Key Management Personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis.

All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of Key Management Personnel is reviewed annually and normally increased in accordance with average earnings. The Trustees benchmark against the recommended pay levels for Bristol's Local Authority Maintained schools.

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Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Hotwells Primary School Trust. The Academy Trust is grateful for the financial support it receives from its independent Parent Teacher Association.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in Hotwells and the surrounding area, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Hotwells Primary School to provide free education and care for pupils of different abilities.

The vision statement of the Academy Trust is: Learning to bring out the best in every one.

We are committed to the development of the whole child: socially, physically, creatively, morally, emotionally and academically. Our learning community inspires and challenges us to do our best and to develop the confidence to make life long positive choices. Every child matters.

At Hotwells Primary School we aim to achieve the best for, and from, every child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy Trust is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Like all schools, the Academy Trust has a School Development Plan, to identify areas of our work to focus on. The current School Development Plan runs from September 2015 to July 2019. There are five long term aims /areas in which to strengthen current practice. These are:

- Learning for Life – to have the skills and confidence to succeed in life;
- Living Healthy and Well – to be cared for and to know how to live healthily;
- Love of Learning – to have a positive attitude to learning and achieve the best one that one can;
- Learning Environment – to work in an environment that is inspiring and reflects the school's vision; and
- Looking Beyond – to be part of the wider picture of education, learning from adults who are inspiring and love to learn.

Key priorities for the year ended 31 August 2019 included:

- Improve the effectiveness of leadership and management including governance;
- Middle leaders develop skills and expertise to drive improvement;
- Improve the quality of teaching and learning with particular emphasis on writing and maths;
- Improve pupils personal development, behaviour and welfare by continuing to implement strategies to ensure that all pupils attend school regularly;
- Improve the performance of disadvantaged pupils to ensure they are reaching their potential.

The aims of the Academy Trust during the period ended 31 August 2019 are summarised below:

- To create a happy, safe and positive learning environment for our children;
- To have high expectations for all;
- To have high expectations of behaviour which is positively managed;
- To embrace and celebrate differences;
- To deliver a broad and balanced curriculum that reflects our commitment to the development of every

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**TRUSTEES' REPORT (CONTINUED)
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child;

- To develop independence, initiative, creativity, curiosity, cooperation and resilience in every child;
- To equip children with skills and attitudes that will enable them to become confident individuals, responsible citizens and lifelong learners;
- To value the environment and use it with care and compassion as a tool for learning;
- To work with our school and the wider community to improve opportunities for all;
- To be a fair employer with a commitment to equal opportunities, supporting personal and professional development of all staff and promoting a positive working environment that celebrates their talents, dedication and commitment;
- To employ and develop staff and other resources to provide teaching and learning of the highest quality;
- To work with other schools and the wider education community for the improvement of children's learning; and
- To promote and safeguard the wellbeing of all members of our school community.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy Trust is a one class entry school plus nursery (3 & 4 year olds) which is in its third period of operation. In September 2018 the school had a waiting list for its reception (the first time for two years).

- Deprivation is below national but within middle quintile, the children come from a wide range of social backgrounds. Percentage of Pupil Premium (PP) is below national 10.63% The number of pupils with English as an Additional Language (EAL) increased to 24.6% of our pupils. This ranges from 16% in Year 4 to 40% in Nursery. There is a low proportion of registered SEN but a number of pupils require significant support;
- The Academy Trust has a Senior Leadership Team (SLT) of highly motivated, skilled and committed practitioners and a strong and committed Board of Trustees. The SLT have brought in measured changes at an appropriate pace, for example changes in SLT to build capacity and delegate leadership. School has strong links with local businesses (e.g. Number Partners and Reading Partners), secondary schools (e.g. Ashton Park for P.E. network partnership), churches and community organisations (Hope Chapel and Trinity Church) & Initial Teacher Training provider (UWE);
- Hotwells Primary School is a challenging site – creatively managed and used, e.g. our 'Garden for Life' which is used by all classes weekly and run by an active parent group.

Attainment - SATS

At KS2 in Reading 85% of pupils met the expected level.

In Maths 78% met the expected standard.

In Writing 70% met the expected standard.

In the Grammar, Punctuation and Spelling test result 74% of pupils met or were above (greater depth) the expected standard.

At KS1 we were moderated as a school and moderators agreed with our judgments.

At KS2 in Reading 70% of pupils met the expected level.

In Maths 81% met the expected standard.

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In Writing 67% met the expected standard.

To ensure that standards are continually assessed, the Academy Trust operates a programme of lesson observations, which are undertaken by the Headteacher, our Bristol Education Partner (BEP) and the SLT.

The Academy Trust was inspected by OFSTED in September 2018 and was judged to be requires improvement with good in Early Years and Personal development, behaviour and welfare.

Continuing professional development for staff has been successful with all teaching and support staff undertaking safeguarding training and EAL training this year. Teaching staff have also taken part in Writing CPD. Staff have also attended courses specific to their role, for example, ASD workshops, positive handling, and SEND leadership training.

The Academy Trust has maintained and strengthened its links with the NW24 cluster including taking part in Collaborative Reviews and Inset Days as well as continuing links with a variety of schools both maintained primary, secondary and special and local independent schools.

- Hotwells is proud of its rich curriculum that celebrates creativity and is raising the profile of music within school (Music Week supported by PTA, Christmas concert in conjunction with Hotwells Music Workshop, performances, choir and orchestra);
- The school has an active and supportive PTA and strong parent led groups: the Garden for Life Group and the Diversity and Inclusion Group (DIG);
- Our Sport Partnership with Ashton Park School enhances sports provision and access to off site opportunities.

Key Performance Indicators

The Academy Trust's financial reporting system provides the ability to forecast, budget, review trial balances and current out turns, and these are reported to the Finance and Resources Committee every term to ensure that Trustees have a proper understanding of the current spending, budgetary pressures and funding requirements of the Academy Trust as well as challenge the performance of the Academy Trust against budget.

Summary financial information is provided to the Board of Trustees, in particular ensuring that all Trustees are aware of total income and expenditure of the Academy Trust and the anticipated level of carry forward from year to year.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention to the amount of carry forward. In the year under review, £65,825 was carried forward.

As funding is based on student numbers this is also a key performance indicator. Student numbers for 2018/2019 reduced from the previous year.

Another key financial performance indicator is staffing costs as a percentage of total recurring income (excluding capital grants), for 2019 this was 77% an increase on last year due to the management of change one off costs.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy has 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 Going Concern policy.

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**TRUSTEES' REPORT (CONTINUED)
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FINANCIAL REVIEW

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the year ended 31 August 2019, the Academy Trust had a small surplus. Challenges in 2018/2019 were

- Planning for a falling role due to the Ofsted and the local surplus of places
- Management of change costs
- Tree works that had to take place in order to apply for CIF funding

At 31 August 2019 the net book value of fixed assets was £2,324,941 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and buildings were professionally valued prior to conversion in April 2014 at £2,391,787.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, School Business Manager, Budget Holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated include:

- Finance Policy
- Pay Policy
- Balances and Reserves Policy
- Investment Policy
- Accounting Policies
- Debt Recovery Policy

Reserves Policy

The Trustees have determined that the appropriate level of free reserves should be approximately £80,000. 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. Total reserves of the Academy Trust amount to £1,663,381, although £1,608,171 of this is invested in fixed assets or represents non GAG restricted funds including a pension deficit. The remaining £55,209 (representing £40,897 unrestricted funds and £14,313 unspent PE Grant) is the balance that the Trustees monitor in accordance with the Board's reserves policy. This represents approximately 0.6 months of normal recurring expenditure.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the

**TRUSTEES' REPORT (CONTINUED)
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fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. The Trust's investment policy is that sums in excess of the level currently protected by the UK Financial Services Compensation Scheme (currently £75,000) may be placed on deposit for extended periods with providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and School Business Manager within guidelines approved by the Finance and Resources Committee.

Principal Risks And Uncertainties

The Finance and Resource Committee, as well as the Board of Trustees have reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

Financial - the Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last year 91% of the Academy Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. There is a risk to the school with the effect of the Ofsted judgement within an environment where there is an excess of available primary school places.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy Trust has appointed Bishop Fleming LLP to undertake a program of additional testing and to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Trust had been seeking to join a MAT both for educational and financial reasons. There was active engagement with 3 other primary school in the school year 2017/2018 but in the event this did not proceed. Once we had the Ofsted judgement, the focus and priority has had to be addressing the improvements outlined by Ofsted including specific Teaching and Learning activities but also a Review of the Governance and a Review of Pupil Premium. External reviewers concluded both these reviews and action plans were subsequently produced as well as the overall Post Ofsted Action Plan (POAP) which have been actively implemented throughout the rest of the school year.

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In July contact was also made with the Regional Schools Commission to request advice on potential MATs that we could approach.

Disclosure of information to auditors

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

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 05/12/19 and signed on its behalf by:



**M Wilkinson
Chair of Trustees**



**C Delor
Accounting Officer**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Hotwells Primary SAT 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 Hotwells Primary SAT 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.

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GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

During the year Estelle Talfan Davies left her post hence her position as staff governor was taken by Rhiannon Benson.

Trustee	Meetings Attended	Out of a possible
C Adams	6	6
R Benson	4	4
C Bond	5	6
J DeHavilland	1	6
C Delor	6	6
J Dimbleby	5	6
D Douglas	3	6
M Edwards	6	6
R Howe	2	6
S Healey	5	6
R Logan	6	6
C McConnell	5	6
A Mustafa	3	6
C Morris	4	6
E Talfan Davies	2	3
M Wilkinson	6	6
G Al-Kaisey	1	1

The Finance and Resources is a sub-committee of the main Board of Trustees. Its purpose is to examine the finances, present and future budgets , risks , matters relating to Health & Safety , buildings and related policy matters.

During the year 2018/19 Rhiannon Benson joined the committee replacing Estelle Talfan Davies. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Logan (Chair)	6	6
C Adams	6	6
J DeHavilland	5	6
R Howe	4	6
C Delor	6	6
E Talfan Davies	2	2
M Wilkinson	6	6
R Benson	2	2

The SBM was also in attendance at these meetings

The Audit Committee met on 2 occasions to prepare for and to have oversight of the Audit

Trustee	Meetings attended	Out of a possible
R Logan	2	2
M Wilkinson	2	2
C Delor	2	2
C Spittlehouse (SBM)	2	2

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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.

This year the Trust has exercised focussed examination of the budget with specific attention on forthcoming years due to an analysis of the less than expected pupil numbers going forward

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 appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Risk analysis and actions taken. In September 2018 the school had 30 in Reception but vacancies throughout the school and a total of 195 at census day not including nursery. That month Ofsted came and assessed the school as Requiring Improvement. The budget forecast was developed with an expectation of approximately 200 pupils but latterly analysis has shown that within the Hotwells/Cliftonwood location there is an oversupply of primary places owing to the LA commissioning more places some years ago in response to a spike in the birthrate which has not continued. The school had already predicted budget pressures and commenced a Management of Change process which began its consultation early in 2019 and finally concluded with the reduction of 2 part time teacher posts and less TLS hours plus a re-arrangement of PPA cover.
- The school notified the ESFA in July that it was predicting a future deficit and were required to produce a Financial Plan which was agreed on August 22nd and sent on to them. We have also requested an SRMA who has been allocated is expected in November.
- The leadership of the school has also been reduced following the promotion of the Deputy Head to a headship in another school. Added to the Management of Change savings and the cessation of spends on anything but the most essential items of budget, the present forecast shows that the school should not be in a deficit position until 2021/22.
- The self examination review plus comparison with similar schools has shown that apart from a misleading methodology for counting leadership time (it looks like we now have more whereas we have considerably less) the only 2 areas where we are comparatively high is down to administration costs and teacher salaries. Both of these are difficult to reduce in our present circumstances.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hotwells Primary SAT for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (CONTINUED)

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the period from 1 September 2018 to 31 August 2019 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 Board of Trustees identified failure to recruit to the SBM vacancy, in the event, recruitment was successful in March 2019, but ongoing familiarisation with process proved problematic.

THE RISK AND CONTROL FRAMEWORK

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance and Resources 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 (assets purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor but to carry out a programme of internal checks, by an independent external person, Karen Howes.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of control account/bank account reconciliations.

The Trustee review the reviewers report twice a year, the report is reviewed by the F&R committee and received by the responsible officer.

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GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF EFFECTIVENESS

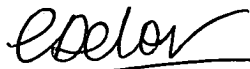
As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal reviewer;
- The work of the external auditors;
- the financial management and governance self-assessment process including completing the self assessment tool;

Approved by order of the members of the board of Trustees on 05/12/15 and signed on their behalf by:



M Wilkinson
Chair of Governors



C Delor
Accounting Officer

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hotwells Primary 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 ESFA 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 2018.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.



C Delor
Accounting Officer
Date: 05/12/19

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 its incoming resources and application of resources, including its 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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The 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 and signed on its behalf by:



M Wilkinson
Chair of Trustees
Date: 05/12/19

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOTWELLS PRIMARY SCHOOL TRUST**

OPINION

We have audited the financial statements of Hotwells Primary School Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOTWELLS PRIMARY SCHOOL TRUST (CONTINUED)**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HOTWELLS PRIMARY SCHOOL TRUST (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy 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'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 or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Academy'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's members those matters we are required to state to them in an Auditors' 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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Butler FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 16 December 2019

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOTWELLS
PRIMARY SCHOOL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hotwells Primary School Trust during the year 1 September 2018 to 31 August 2019 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 Hotwells Primary School Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hotwells Primary School Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hotwells Primary School Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HOTWELLS PRIMARY SCHOOL TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Hotwells Primary School Trust's funding agreement with the Secretary of State for Education dated 21 March 2014 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming LLP

David Butler FCA DChA (Senior Statutory Auditor)

Bishop Fleming LLP
16 Queen Square
Bristol
BS1 4NT

Date: *16 December 2019*

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	3	8,397	30,390	6,457	45,244	23,673
Charitable activities	4	100,583	924,912	-	1,025,495	1,006,738
Other trading activities	6	6,079	-	-	6,079	5,359
Investments	7	74	-	-	74	69
TOTAL INCOME		115,133	955,302	6,457	1,076,892	1,035,839
EXPENDITURE ON:						
Charitable activities	8	103,827	1,013,544	48,915	1,166,286	1,105,587
TOTAL EXPENDITURE		103,827	1,013,544	48,915	1,166,286	1,105,587
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		11,306	(58,242)	(42,458)	(89,394)	(69,748)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	24	-	(191,000)	-	(191,000)	67,000
NET MOVEMENT IN FUNDS		11,306	(249,242)	(42,458)	(280,394)	(2,748)
RECONCILIATION OF FUNDS:						
Total funds brought forward		39,582	(439,445)	2,343,638	1,943,775	1,946,523
Net movement in funds		11,306	(249,242)	(42,458)	(280,394)	(2,748)
TOTAL FUNDS CARRIED FORWARD		50,888	(688,687)	2,301,180	1,663,381	1,943,775

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

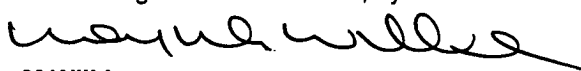
The notes on pages 26 to 48 form part of these financial statements.

HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08920557

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	2,324,941	2,354,673
CURRENT ASSETS			
Debtors	15	44,526	55,358
Cash at bank and in hand		116,873	87,571
		<u>161,399</u>	<u>142,929</u>
Creditors: amounts falling due within one year	16	(90,934)	(94,827)
NET CURRENT ASSETS		<u>70,465</u>	<u>48,102</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,395,406</u>	<u>2,402,775</u>
Creditors: amounts falling due after more than one year	17	(29,025)	-
NET ASSETS EXCLUDING PENSION LIABILITY		<u>2,366,381</u>	<u>2,402,775</u>
Defined benefit pension scheme liability	24	(703,000)	(459,000)
TOTAL NET ASSETS		<u><u>1,663,381</u></u>	<u><u>1,943,775</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	19	2,301,180	2,343,638
Restricted income funds	19	14,313	19,555
		<u>2,315,493</u>	<u>2,363,193</u>
Restricted funds excluding pension asset	19	2,315,493	2,363,193
Pension reserve	19	(703,000)	(459,000)
		<u>1,612,493</u>	<u>1,904,193</u>
Total restricted funds	19	1,612,493	1,904,193
Unrestricted income funds	19	50,888	39,582
TOTAL FUNDS		<u><u>1,663,381</u></u>	<u><u>1,943,775</u></u>

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue on 5/12/19 and are signed on their behalf, by:



M Wilkinson
Chair of Trustees

The notes on pages 26 to 48 form part of these financial statements.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	21	31,961	(6,566)
CASH FLOWS FROM INVESTING ACTIVITIES	22	(2,661)	(17,112)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		29,300	(23,678)
Cash and cash equivalents at the beginning of the year		87,573	111,251
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	116,873	87,573

The notes on pages 26 to 48 form part of these financial statements

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hotwells Primary School Trust meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

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

1.3 INCOME

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

- **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.

1.5 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 institution with whom the funds are deposited.

1.6 TANGIBLE FIXED ASSETS

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

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

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

Depreciation is provided on the following bases:

Long term leasehold land	- 125 years straight line
Long term leasehold buildings	- 2% straight line
Property improvements	- 10% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 25% straight line

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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.

1.9 LIABILITIES

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

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 OPERATING LEASES

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

1. ACCOUNTING POLICIES (continued)

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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 in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income/expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.13 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing trip income from parents. Payments received from parents and subsequent disbursements to trip organisers are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The funds received, paid and any balances held at period end are disclosed in Note 28.

1.14 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 funders where the asset acquired or created is held for a specific purpose.

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

Investment income, gains and losses are allocated to the appropriate fund.

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	8,397	20,399	-	28,796	17,223
Capital Grants	-	9,991	6,457	16,448	6,450
	<u>8,397</u>	<u>30,390</u>	<u>6,457</u>	<u>45,244</u>	<u>23,673</u>
TOTAL 2018	<u>11,467</u>	<u>5,756</u>	<u>6,450</u>	<u>23,673</u>	

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4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Education	41,305	924,912	966,217	932,218
Nursery	59,278	-	59,278	74,520
TOTAL 2019	<u>100,583</u>	<u>924,912</u>	<u>1,025,495</u>	<u>1,006,738</u>
TOTAL 2018	<u>117,053</u>	<u>889,685</u>	<u>1,006,738</u>	

5. FUNDING FOR THE ACADEMY'S EDUCATION

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DFE/ESFA GRANTS				
General Annual Grant	-	815,640	815,640	778,345
Other DfE Group grants	-	63,307	63,307	60,020
Universal Infant Free School Meals	-	28,187	28,187	30,809
	-	907,134	907,134	869,174
OTHER GOVERNMENT GRANTS				
High Needs	-	17,778	17,778	20,511
	-	17,778	17,778	20,511
OTHER FUNDING				
Internal catering income	27,044	-	27,044	27,932
Income for hosting trainee teachers	1,050	-	1,050	2,401
Other	13,211	-	13,211	12,200
	<u>41,305</u>	<u>924,912</u>	<u>966,217</u>	<u>932,218</u>
TOTAL 2018	<u>42,533</u>	<u>889,685</u>	<u>932,218</u>	

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6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	2,634	2,634	3,112
External catering	3,445	3,445	2,247
TOTAL 2019	6,079	6,079	5,359

In the prior year, all income from other trading activities was unrestricted.

7. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest receivable	74	74	69

In the prior year, all investment income was unrestricted.

8. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
EDUCATION:					
Direct costs	659,144	42,707	85,766	787,617	734,305
Allocated support costs	126,004	6,208	192,475	324,687	299,993
NURSERY:					
Direct costs	53,405	-	577	53,982	54,435
Allocated support costs	-	-	-	-	16,854
	838,553	48,915	278,818	1,166,286	1,105,587
TOTAL 2018	772,018	98,195	235,374	1,105,587	

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	787,617	324,687	1,112,304	1,034,298
Nursery	53,982	-	53,982	71,289
	<u>841,599</u>	<u>324,687</u>	<u>1,166,286</u>	<u>1,105,587</u>
TOTAL 2018	<u>788,740</u>	<u>316,847</u>	<u>1,105,587</u>	

Analysis of direct costs

	Education 2019 £	Nursery 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	6,000	-	6,000	6,000
Staff costs	642,468	53,405	695,873	666,152
Depreciation	42,707	-	42,707	38,869
Educational supplies	48,107	-	48,107	43,765
Staff development	5,342	-	5,342	5,517
Other costs	19,934	577	20,511	23,383
Supply teachers	16,676	-	16,676	86
Technology costs	6,383	-	6,383	4,968
	<u>787,617</u>	<u>53,982</u>	<u>841,599</u>	<u>788,740</u>
TOTAL 2018	<u>734,305</u>	<u>54,435</u>	<u>788,740</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	9,000	9,000	6,000
Staff costs	126,004	126,004	105,780
Depreciation	6,208	6,208	5,917
Recruitment and support	2,199	2,199	2,874
Maintenance of premises and equipment	10,327	10,327	19,849
Cleaning	21,138	21,138	21,707
Rent and rates	8,128	8,128	9,955
Energy costs	11,583	11,583	9,306
Insurance	4,660	4,660	4,148
Security and transport	8,810	8,810	10,195
Catering	63,502	63,502	64,409
Technology costs	18,509	18,509	17,127
Office overheads	2,567	2,567	2,298
Legal and professional	19,243	19,243	25,787
Bank interest and charges	772	772	561
Governance	12,037	12,037	10,934
	324,687	324,687	316,847

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	3,003	1,766
Depreciation of tangible fixed assets:	48,915	44,786
Fees paid to auditors for:		
- audit	7,200	6,990
- other services	1,725	1,710

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	605,395	601,245
Social security costs	47,493	36,899
Pension costs	148,759	133,788
	<u>801,647</u>	<u>771,932</u>
Agency staff costs	16,676	86
Staff restructuring costs	20,230	-
	<u><u>838,553</u></u>	<u><u>772,018</u></u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	20,230	-
	<u><u>20,230</u></u>	<u><u>-</u></u>

b. STAFF NUMBERS

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

	2019 No.	2018 No.
Teachers	11	12
Educational Support	13	15
Administration and Clerical	6	6
Management	2	2
	<u><u>32</u></u>	<u><u>35</u></u>

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11. STAFF COSTS (CONTINUED)

b. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	9	10
Educational Support	6	7
Administration and Clerical	3	2
Management	2	2
	<u>20</u>	<u>21</u>

c. HIGHER PAID STAFF

No employee received remuneration amounting to more than £60,000 in either year.

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £247,903 (2018: £262,590).

As Staff Trustees are not remunerated in respect of their role as a Trustee, where Staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their employment contracts, and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: C Delor: Remuneration £45,000 - £50,000 (2018: £45,000 - £50,000), Employer's Pension £5,000 - £10,000 (2018: £5,000 - £10,000), M Edwards: Remuneration £40,000 - £45,000 (2018: £40,000 - £45,000), Employer's Pension £5,000 - £10,000 (2018: £5,000 - £10,000), E Talfan Davis: Remuneration £5,000 - £10,000 (2018: £5,000 - £10,000), Employer's Pension £0 - £5,000 (2018: £0 - £5,000), R Benson: Remuneration £10,000 - £15,000, Employer's Pension £0 - £5,000, S Healey: Remuneration £25,000 - £30,000, Employer's Pension £0 - £5,000.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

	Long term leasehold land and buildings £	Property improvements £	Furniture and fittings £	Computer equipment £	Total £
COST OR VALUATION					
At 1 September 2018	2,391,787	106,702	5,020	21,274	2,524,783
Additions	-	13,300	-	5,883	19,183
At 31 August 2019	2,391,787	120,002	5,020	27,157	2,543,966
DEPRECIATION					
At 1 September 2018	119,148	32,404	3,502	15,056	170,110
Charge for the year	29,787	12,000	1,004	6,124	48,915
At 31 August 2019	148,935	44,404	4,506	21,180	219,025
NET BOOK VALUE					
At 31 August 2019	2,242,852	75,598	514	5,977	2,324,941
At 31 August 2018	2,272,639	74,298	1,518	6,218	2,354,673

15. DEBTORS

	2019 £	2018 £
DUE WITHIN ONE YEAR		
Trade debtors	205	2,471
Other debtors	28,150	20,613
Prepayments and accrued income	16,171	32,274
	44,526	55,358

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other loans	3,225	-
Trade creditors	28,244	34,344
Other taxation and social security	11,644	10,350
Accruals and deferred income	47,821	50,133
	<u>90,934</u>	<u>94,827</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Other loans	29,025	-
	<u>29,025</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	2019 £	2018 £
BETWEEN ONE AND TWO YEARS		
Other loans	3,225	-
	<u>3,225</u>	<u>-</u>
BETWEEN TWO AND FIVE YEARS		
Other loans	12,900	-
	<u>12,900</u>	<u>-</u>
OVER FIVE YEARS		
Other loans	12,900	-
	<u>12,900</u>	<u>-</u>

An emergency CIF loan was entered into with a loan amount of £32,250 at the start of the year. The loan is repayable in monthly instalments over 10 years with an applicable annual interest rate of 1.85%.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at amortised cost	<u>126,554</u>	<u>108,559</u>
	2019 £	2018 £
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(91,393)</u>	<u>(64,492)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS					
Nursery	2,110	59,816	(54,435)	-	7,491
General Funds	37,472	55,317	(49,392)	-	43,397
	<u>39,582</u>	<u>115,133</u>	<u>(103,827)</u>	<u>-</u>	<u>50,888</u>
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	8,966	815,640	(824,606)	-	-
High Needs	-	17,778	(17,778)	-	-
Pupil Premium	-	35,205	(35,205)	-	-
Universal Free School Meals (UFSM)	-	28,187	(28,187)	-	-
PE and Sports Grant	9,667	17,740	(13,094)	-	14,313
Trip Income	922	18,043	(18,965)	-	-
Other ESFA/DfE grants	-	10,362	(10,362)	-	-
ESFA 'Extras' funding	-	9,991	(9,991)	-	-
Other restricted funds	-	2,356	(2,356)	-	-
Pension reserve	(459,000)	-	(53,000)	(191,000)	(703,000)
	<u>(439,445)</u>	<u>955,302</u>	<u>(1,013,544)</u>	<u>(191,000)</u>	<u>(688,687)</u>
RESTRICTED FIXED ASSET FUNDS					
Fixed assets transferred on conversion	2,272,639	-	(29,787)	-	2,242,852
Fixed assets purchased from GAG	13,966	-	(6,124)	-	7,842
DfE/ESFA Capital grants	51,033	6,457	(12,000)	-	45,490
Donations	6,000	-	(1,004)	-	4,996
	<u>2,343,638</u>	<u>6,457</u>	<u>(48,915)</u>	<u>-</u>	<u>2,301,180</u>
TOTAL RESTRICTED FUNDS	<u>1,904,193</u>	<u>961,759</u>	<u>(1,062,459)</u>	<u>(191,000)</u>	<u>1,612,493</u>
TOTAL FUNDS	<u>1,943,775</u>	<u>1,076,892</u>	<u>(1,166,286)</u>	<u>(191,000)</u>	<u>1,663,381</u>

19. STATEMENT OF FUNDS (CONTINUED)

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

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy Trust, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy Trust to address the current underlying inequalities between those children and their wealthier peers.

Universal Infant Free School Meals (UIFSM) - Funding received from the ESFA for the provision of infant free school meals.

PE Sports Grant – This represents funding received from the ESFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

Trip income - Income received from parents for children to be able to attend school trips.

Other ESFA/DfE grants - This represents other grants received by the ESFA/DfE such as Teachers Pay Grant and rates relief. It is spent on teaching costs and rates respectively.

ESFA 'Extras' funding - This represents an additional ESFA grant to be used for non-routine school purchases.

Pension reserve – This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy Trust.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the School from the Local Authority on conversion to an Academy Trust.

DfE/ESFA Capital Grants - This represents funding received for devolved capital and from the Capital Investment Fund (previously Academy Capital Maintenance Fund) to cover the maintenance and purchase of the Academy Trust's assets.

Donations - This represents a donation made from the Parent Teacher Association for the provision of The Green Project.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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19. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS					
Nursery	-	74,520	(72,410)	-	2,110
General Funds	35,385	59,428	(57,341)	-	37,472
	<u>35,385</u>	<u>133,948</u>	<u>(129,751)</u>	<u>-</u>	<u>39,582</u>
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	18,249	782,288	(791,571)	-	8,966
High Needs	-	20,511	(20,511)	-	-
Pupil Premium	-	38,297	(38,297)	-	-
Universal Free School Meals (UIFSM)	-	30,809	(30,809)	-	-
PE and Sports Grant	1,993	17,780	(10,106)	-	9,667
Trip Income	922	5,361	(5,361)	-	922
Other restricted funds	-	395	(395)	-	-
Pension reserve	(492,000)	-	(34,000)	67,000	(459,000)
	<u>(470,836)</u>	<u>895,441</u>	<u>(931,050)</u>	<u>67,000</u>	<u>(439,445)</u>
RESTRICTED FIXED ASSET FUNDS					
Fixed assets transferred on conversion	2,302,426	-	(29,787)	-	2,272,639
Fixed assets purchased from GAG	17,778	-	(3,812)	-	13,966
DfE/ESFA Capital grants	54,770	6,450	(10,187)	-	51,033
Donations	7,000	-	(1,000)	-	6,000
	<u>2,381,974</u>	<u>6,450</u>	<u>(44,786)</u>	<u>-</u>	<u>2,343,638</u>
TOTAL RESTRICTED FUNDS	<u>1,911,138</u>	<u>901,891</u>	<u>(975,836)</u>	<u>67,000</u>	<u>1,904,193</u>
TOTAL FUNDS	<u>1,946,523</u>	<u>1,035,839</u>	<u>(1,105,587)</u>	<u>67,000</u>	<u>1,943,775</u>

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	2,324,941	2,324,941
Current assets	50,888	102,022	8,489	161,399
Creditors due within one year	-	(87,709)	(3,225)	(90,934)
Creditors due in more than one year	-	-	(29,025)	(29,025)
Provisions for liabilities and charges	-	(703,000)	-	(703,000)
TOTAL	50,888	(688,687)	2,301,180	1,663,381

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	2,354,673	2,354,673
Current assets	39,582	94,432	8,915	142,929
Creditors due within one year	-	(74,877)	(19,950)	(94,827)
Provisions for liabilities and charges	-	(459,000)	-	(459,000)
TOTAL	39,582	(439,445)	2,343,638	1,943,775

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21. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(89,394)	(69,748)
ADJUSTMENTS FOR:		
Depreciation	48,915	44,786
Capital grants from DfE and other capital income	(16,448)	(6,450)
Interest receivable	(74)	(69)
Defined benefit pension scheme cost less contributions payable	38,000	22,000
Defined benefit pension scheme finance cost	15,000	12,000
Decrease/(increase) in debtors	10,831	(28,470)
Increase in creditors	25,131	19,385
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	31,961	(6,566)

22. CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £	2018 £
Dividends, interest and rents from investments	74	69
Purchase of tangible fixed assets	(19,183)	(23,631)
Capital grants from DfE Group and other capital income	16,448	6,450
NET CASH USED IN INVESTING ACTIVITIES	(2,661)	(17,112)

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	116,873	87,573
TOTAL CASH AND CASH EQUIVALENTS	116,873	87,573

24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teachers' 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 Avon Pension Fund. Both are multi-employer defined benefit schemes.

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

24. PENSION COMMITMENTS (CONTINUED)

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies 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 2016 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 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £65,923 (2018 - £64,046).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**HOTWELLS PRIMARY SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £55,000 (2018 - £57,000), of which employer's contributions totalled £45,000 (2018 - £46,000) and employees' contributions totalled £ 10,000 (2018 - £11,000). The agreed contribution rates for future years are 15.2% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment/inflation	2.1	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.0	2.1

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	23.7	23.6
Females	26.2	26.1
<i>Retiring in 20 years</i>		
Males	26.3	26.2
Females	29	28.8

The Academy's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	179,000	122,000
Bonds	42,000	74,000
Property	21,000	29,000
Cash and other liquid assets	5,000	12,000
Other	137,000	74,000
TOTAL MARKET VALUE OF ASSETS	384,000	311,000

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (CONTINUED)

The actual return on scheme assets was £23,000 (2018 - £13,000).

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

	2019 £	2018 £
Current service cost	(58,000)	(68,000)
Past service cost	(25,000)	(7,875)
Interest income	8,000	6,000
Interest cost	(23,000)	(18,000)
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	(98,000)	(87,875)

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

	2019 £	2018 £
AT 1 SEPTEMBER	770,000	738,000
Interest cost	23,000	18,000
Employer contributions	10,000	11,000
Actuarial losses/(gains)	205,000	(61,000)
Benefits paid	(4,000)	(4,000)
Past Service Costs	25,000	-
Current service cost	58,000	68,000
AT 31 AUGUST	1,087,000	770,000

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

	2019 £	2018 £
AT 1 SEPTEMBER	310,000	247,000
Interest income	9,000	5,000
Actuarial gains	14,000	6,000
Employer contributions	45,000	46,000
Employee contributions	10,000	11,000
Benefits paid	(4,000)	(4,000)
Administration expenses	(1,000)	(1,000)
AT 31 AUGUST	383,000	310,000

**HOTWELLS PRIMARY SCHOOL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

25. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	1,680	3,003
Later than 1 year and not later than 5 years	5,039	6,716
	<u>6,719</u>	<u>9,719</u>

26. MEMBERS' LIABILITY

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

27. 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 12.

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.

28. AGENCY ARRANGEMENTS

The Academy Trust distributes trip income from students as an agent for the trip organisers. In the accounting period ended 31 August 2019 the Academy Trust received £15,045 and disbursed £15,045 from the fund.