

Company Registration Number: 08197381 (England and Wales)

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	R Brewin C Ambrose G Blackwell
Trustees	R Brewin, Chair of Trustees ¹ J Whittle, Vice Chair ^{1,3} S Newman, Headteacher from 23 August 2018 (appointed 23 August 2018) ^{1,2} S Garner, Headteacher up to 22 August 2018 (resigned 22 August 2018) ^{1,2} C Ambrose ^{2,3} D Dexter G Blackwell G Barlow ² T Fenn ¹ P Wells ² M Foxon ² R Hickman
	¹ Management Committee ² Education Committee ³ Ethics Committee
Company registered number	08197381
Company name	Ashby Hill Top Primary School Academy Trust
Registered office	Beaumont Avenue Ashby de la Zouch Leicestershire LE65 2NF
Company secretary	T Fenn
Senior management team	S Newman, Headteacher J McAuliffe, Assistant Headteacher N Middleton, Assistant Headteacher T Fenn, School Business Manager
Independent auditors	Magma Audit LLP Chartered Accountants Unit 2, Charnwood Edge Business Park Syston Road Cossington Leicestershire LE7 4UZ
Bankers	Lloyds Bank 44 Market Street Ashby de la Zouch Leicestershire LE65 1FL

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Ashby. It has a pupil capacity of 315 and had a roll of 310 in the school census in October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The charitable company was incorporated on 31 August 2012. The school converted to Academy status on 1 October 2012 when its operations, assets and liabilities were transferred from the Local Authority.

The Governors act as the Trustees for the charitable activities of Ashby Hill Top Primary School Academy Trust Limited and are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Ashby Hill Top Primary School Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details.

● **Members' liability**

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

● **Trustees' indemnities**

In accordance with normal practice the school has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is £3 million and in the year under review the sum of £247 paid in premiums.

● **Method of recruitment and appointment or election of Trustees**

Trustees are appointed as follows:

Parent Trustees	Through open election for all eligible parents or guardians of students who attend Ashby Hill Top Primary School
Staff Trustees	Through open election for all eligible members of staff working at Ashby Hill Top Primary School
Community Trustees	Through nomination by the Board of Trustees of Ashby Hill Top Primary School. We would seek to appoint Trustees with relevant background experience to complement the existing Trustee qualifications

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

● **Policies and procedures adopted for the induction and training of Trustees**

We expect all Trustees to undertake training as appropriate to their work at the school. New Trustees will be provided with an induction programme delivered partly in house and partly through external sources as required. A log is kept of all Trustees training and reviewed on a regular basis at Trustee meetings.

● **Organisational structure**

The Trustees determine the general policy of the school. The day to day running of the school is delegated to the Head, supported by senior staff. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with senior staff. The day to day administration is undertaken within the policies and procedures approved by the Trustees which provide for only significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Headteacher oversees the recruitment of all staff. The Headteacher is an ex officio Trustee, Principal Accounting Officer and attends all meetings.

● **Pay policy for key management personnel**

Performance management applied to all teaching staff:

Those responsible for the setting of performance criteria include Headteacher, Chair/Deputy Chair of Governors and Assistant Headteachers. Other senior staff included in the reviews include phase and Key Stage leaders.

- All teaching staff set targets at meeting in October of each year. The targets are agreed at the meeting – they may include pupil performance, subject management and whole school contribution to improving standards in the school.
- Mid term performance review to monitor the progress of teaching staff against the targets set at the start of the year.
- The Headteacher undertakes performance management process led by Chair of Governors and external advisor (usually an NLE). Targets set with consideration for areas such as pupil performance, staff performance, organisational performance (including success of the School Development Plan – encompassing ALL areas of school development).
- Headteacher to undertake a midterm review with NLE and Chair of Governors to measure progress against targets.
- Performance management of Academy School Business Manager. Targets set are based on the needs and priorities for the Academy – this is led by the Headteacher and the Chair/Deputy Chair of the Governing Body.

● **Connected organisations, including related party relationships**

The Headteacher has extensive contacts with other academies, schools and organisations to ensure that the school is kept abreast of current national and local educational priorities. Networking is a significant priority in the academy's School Education Plan.

As part of its work, the school has a formal partnership with The Affinity Teaching School Alliance and Ashby Learning Community to provide high quality education.

The school has a connected charity, The Friends of Hilltop which was established for the purpose of supporting the school in a manner as determined by its own independent board. These funds are under the control of this independent board, not the Academy. In line with the Academies Accounts Direction 2017 to 2018 (SORP 2015) some summary details of this charity's activities are included in note 25 to the financial statements.

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

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

Ashby Hill Top Primary School Academy Trusts' object is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- to promote for the benefit of individuals living in Ashby de la Zouch and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and within the object of improving the condition of the said individuals.

● **Objectives, strategies and activities**

Mission Statement

Our mission is that the lives of all who leave Hill Top will have been enhanced by their experience.

Aims

We aim to provide a caring, stimulating and safe school where achievements are celebrated and everyone is valued and shown respect.

We do this through providing:

- Children with a structure which enables them to question and evaluate all areas relating to their emotional and physical health and so make informed choices.
- A secure environment where everyone has a voice and is equipped with the life skills to keep themselves and others safe.
- An enjoyable, creative, relevant and evolving curriculum that will motivate children to become lifelong learners and encourage every child to find and develop their own personal strengths.
- Opportunities that will enable every child to nurture self worth and develop skills to make a positive contribution to the community and where children, parents, school and the community work in a mutually beneficial partnership.
- The highest quality teaching and learning to enable all children to reach their full potential and thus lay strong foundations for the future. To value ourselves, others and the environment through positive relationships, actions and attitudes.

● **Public benefit**

Ashby Hill Top Primary School Academy Trust is a charitable trust which seeks to benefit the public throughout the pursuit of its stated aims.

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

STRATEGIC REPORT

● **Key performance indicators**

Foundation Stage

78% of pupils achieved a good level of development (above national expectations)

KS1

The % of children attaining achieved/exceeded at the end of KS1 in 2018 is:

Reading	82%
Writing	77%
Maths	75%
Science	82%

KS2

The % of children attaining achieved/exceeded at the end of KS2 in 2018 is

Reading	67%
Writing	86%
Maths	69%
Science	88%

Other key achievements in 2017/18 academic year include:

- Continued provision of extracurricular activities to support pupils' progress and wellbeing
- High standards of teaching observed across the school throughout the year
- Improved monitoring and evaluation of pupil progress and other key areas of learning
- Targeted CPD undertaken during the 2017/18 academic year
- Staff training and implementation of growth mindset across the school

Parents & the Community

New community links have been forged eg involvement in the local commonwealth presentation.

Behaviour & Safety:

95% children and 95% parents report behaviour is at least good. Incidents of bullying are rare and children know how to seek support & help. 100% pupils report they have someone to talk to if they are worried (pupil & parents questionnaires).

Behaviour

Incidents of bullying are rare and children know how to seek support and help if they occur.

Pupils report that they have someone to talk to if they are worried

Learning Behaviour

This is good to outstanding across the school

Previous Ofsted Inspection Outcomes

Inspection dates 16–17 April 2013 Overall effectiveness previous inspection: Good 2

This inspection : Outstanding 1

Achievement of pupils : Outstanding 1

Quality of teaching : Outstanding 1

Behaviour and safety of pupils : Outstanding 1

Leadership and management : Outstanding 1

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

- Achievement is outstanding throughout the school in reading, writing and mathematics, for all pupils regardless of ability or background.
- Pupils' attainment was above average for several years in the predecessor school and continues to rise.
- Excellent teaching helps pupils to make rapid progress in their learning in a range of subjects.
- Teachers are particularly skilled in giving different pupils work that is at just the right level for them. During lessons, they continually check up on progress to ensure that all are doing as well as possible. Pupils behave extremely well and are very keen to learn.
- Excellent relationships between pupils themselves, and with the adults, underpin the school's many strengths. Pupils feel extremely safe in school, and have great trust in the adults to look after them.
- There is outstanding provision for pupils' spiritual, moral, social and cultural development.
- Children get an excellent start to their schooling because of the outstanding provision in the Early Years Foundation Stage.
- A constant focus by leaders and managers on the quality of teaching and the achievement of all pupils ensures that both are excellent. Very effective procedures, to keep a detailed track of each pupil's progress, greatly enhance this.
- The marking of pupils' work is good but has some minor shortcomings.

● **Going concern**

After making appropriate enquiries, the Governing Body 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 accounting policies.

FINANCIAL REVIEW

● **Financial review**

The Academy had a net decrease in funds for the year ended 31 August 2018 of £143,326 including fixed assets movements but excluding pension reserve movements. As at 31 August 2018 the Academy held £73,938 of unrestricted reserves plus £71,880 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £145,818.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £533,000 at 31 August 2018 and a fixed asset reserve of £2,701,093 being the book value of past purchases.

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principal financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an Academy Trust of this size and type.

During the year it was discovered that there was £84,283 of duplicated invoice payments dating back to July 2014. Upon discovery the Academy immediately addressed the weaknesses and put new systems and controls in place to mitigate any future occurrences.

The principal sources of funding for the Academy are the General Annual Grant (GAG) and other DfE Group grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the academy trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

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

● **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately two months of expenditure, based on the annual budget, being approximately £210,000.

Actual free reserves plus unspent GAG as at 31 August 2018 were £136,612, being lower than the target level set by the Trustees. The Academy hopes to increase reserves to target in the short to medium term. The Academy also held other available restricted funds at the year end of the year of £9,206 in relation to Pupil Premium and PE Sports Grant. Total available reserves, being both the above figures at 31 August 2018 were £145,818. Cash at bank at 31 August 2018 was £82,519 higher than total available reserves which is due principally to PAYE/NI and pension costs for August 2018 being paid over in September 2018 and Universal Infant Free School Meals income received in advance of 2018/19.

At 31 August 2018 the Academy's fixed asset reserve of £2,701,093 represented funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £533,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Investments policy**

The school's investment strategy is to;

- Regularly monitor cash flow and current/fund account balances to ensure immediate financial commitments can be met (payroll and payment runs) and that the accounts have adequate balances to meet forthcoming commitments.
- Identify funds surplus to immediate cash requirements and transfer to the school's deposit accounts bearing a higher interest rate.
- Periodically review interest rates and compare with other investment opportunities.
- The school's current policy is to only invest funds in risk free and immediately assessable deposit accounts.

Any change in policy requires the approval of Trustees via the Management Committee.

● **Principal risks and uncertainties**

Principal risks and uncertainties facing the Academy Trust are low and link to the risk management process that the Academy Trust has in place.

The risks faced by the Academy are outlined in the Risk Register and the Trustees update this document at least annually. Budgets and reserves policies are set after due consideration of such risks.

The LGPS pension scheme deficit shown in the accounts as at 31 August 2018 was £533,000 (2017: £625,000). 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. The Academy's cash flow and future annual pension costs will be affected by changes in contribution rates as informed by the actuary.

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TRUSTEES' REPORT (continued)
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The Trustees are responsible for the overseeing of the risks faced by the school. Detailed considerations of risk are delegated to the senior leadership team of the school. Risks are identified, assessed and controls established throughout the period. A formal review of the school's risk management process will be undertaken on an annual basis. Risk is managed under the headings of strategic and reputational, operational, employment and financial.

- **Fundraising**

Fundraising has been limited to small events held to raise funds for external charities, such as non-uniform days. These funds are paid across in full to the nominated charities.

PLANS FOR FUTURE PERIODS

- **Future developments**

The Trustees intend to continue their current strategies of maintaining the school's position in a competitive market by providing outstanding education for all pupils. Achieving high standards of academic results is a constant aim whilst maintaining the breadth and depth of wider education to develop the whole person.

The Headteacher and senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our pupils' development.

The Academy Trust's future plans are financed from income direct from the ESFA related to student numbers and other lump sum factors. Trustees will ensure funding is invested appropriately for the next generation of students as they have done in the past for current students. Maintaining and, where necessary, developing the fabric of the facilities of the school are central to our strategy.

We have a planned programme of maintenance and investment for the school site. Each year we invest heavily in computer equipment and infrastructure to ensure our students and staff have the very best technology we can provide.

Environmental issues are also high priority and we continue to develop our buildings to ensure they are more energy efficient.

Site security is being thoroughly reviewed and actions will be taken as necessary.

Funds held as custodian

No funds are held on behalf of others.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have 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 charitable company's auditors are aware of that information.

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TRUSTEES' REPORT (continued)
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Auditors

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 5 December 2018 and signed on its behalf by:

R Brewin
Chair of Trustees

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the 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:

Trustee	Meetings attended	Out of a possible
R Brewin	6	6
J Whittle	3	6
S Garner, Headteacher up to 22 August 2018	3	6
C Ambrose	5	6
D Dexter	5	6
G Blackwell	5	6
G Barlow	3	6
T Fenn	5	6
P Wells	6	6
M Foxon	6	6
R Hickman	4	6

• **Key changes in the composition of the Board of Trustees:**

There have been no key changes in the Board of Trustees during this financial year.

• **The coverage of its work:**

The key areas under review by the Board are highlighted in the Governance Reviews section below. The Board oversees a wide range of strategic, performance and operational matters presented to it by the delegated sub-committees, the senior management team, the Chair of Governors and individual Board members. These are reflected in the recorded agendas and minutes maintained by the Board.

• **The Board's performance, including assessment of its own effectiveness and any particular challenges that have arisen for the Board:**

The Board's performance was most recently rated as outstanding by Ofsted. Great care is taken to ensure an effective mix of professional, educational and community experience and expertise is reflected across the Board and in its reporting structures, to meet the nationally challenging times being faced educationally, socially and financially. The Board regularly reviews its skill sets and requirements to ensure that it continues to meet these demands.

The uncertainty surrounding finance in education, the development of Multi Academy Trusts and the rapid expansion of Ashby de la Zouch presents a challenging mix of change and the unknown but the Board is confident that it is in a strong position to proactively manage developments.

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GOVERNANCE STATEMENT (continued)

- **Information about the quality of the data used by the Board, and why the Board finds it acceptable:**

Information is provided to the Board by a wide range of sources which include the Headteacher and senior management team, the delegated sub committees, individual Board members, the clerk to the governors, national and local governor support resources, the government, the local authority, the local family of schools, parents and pupils.

The Board believes that the wide range of information sources and the reputable nature of those sources provides an accurate and representative mix of information and data sufficient for the Board to effectively meet its responsibilities.

Governance reviews:

The Governors have a process of ongoing review conducted through the full Governing Body and committee structures.

Action areas following reviews were:

- Governing Body Performance Policies
- Development Plan
- MAT Investigations
- Full Financial review

The Board of Trustees intends to conduct another self evaluation review during the forthcoming year.

The Management Committee is a delegated committee of the main Board of Trustees. Its purpose is to oversee the finance, health & safety, property and personnel of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Brewin	6	6
J Whittle	6	6
S Garner	5	6
T Fenn	6	6

The Education Committee is also a delegated committee of the main Board of Trustees. Its purpose is to oversee the curriculum, standards, care, guidance & support, behaviour, welfare and the impact and intervention of Pupil Premium.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Garner	4	4
P Wells	4	4
M Foxon	4	4
C Ambrose	4	4
G Barlow	4	4

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GOVERNANCE STATEMENT (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.

The Accounting Officer considers how the Academy'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 has delivered improved value for money during the year by:

- maintaining high educational standards and progress exceeding national expectations
- endeavouring to continually maintain and improve educational standards

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Ashby Hill Top Primary School Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy 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's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy'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 reconciliations

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GOVERNANCE STATEMENT (continued)

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

The latest internal audit visit was in April 2018. No material control issues were identified as a result of the internal auditor's review work.

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

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on their behalf, by:

R Brewin
Chair of Trustees

S Newman
Accounting Officer

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial issues

During the year it was discovered that there was a financial irregularity dating back to July 2014. This has resulted in defalcations of £84,283. Upon discovery the academy immediately addressed the weaknesses and put new systems and controls in place to mitigate any future occurrences. The Education & Skills Funding Agency and appropriate authorities were notified of this irregularity as soon as practically possible.

S Newman
Accounting Officer

Date: 5 December 2018

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 on 5 December 2018 and signed on its behalf by:

R Brewin
Chair of Trustees

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST

Opinion

We have audited the financial statements of Ashby Hill Top Primary School Academy Trust (the 'Academy') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, 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' and the Academies Accounts Direction 2017 to 2018 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 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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.

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. 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

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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 for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has 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.

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.

Responsibilities of trustees

As explained more fully in the statement of Trustees' responsibilities, 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.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ASHBY
HILL TOP PRIMARY SCHOOL ACADEMY TRUST**

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.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

Unit 2, Charnwood Edge Business Park

Syston Road

Cossington

Leicestershire

LE7 4UZ

14 December 2018

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASHBY HILL
TOP PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ashby Hill Top Primary School Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Ashby Hill Top Primary School Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ashby Hill Top Primary School Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ashby Hill Top Primary School Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Ashby Hill Top Primary School Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Ashby Hill Top Primary School Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASHBY HILL
TOP PRIMARY SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

Conclusion

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

Financial Issues

During the year it was discovered that there was £84,283 of duplicated invoice payments dating back to July 2014 which were a result of deficiencies in the Academy Trust's systems and controls. Upon discovery the school implemented new systems and controls. The Academy Trust has sufficient insurance to recover the loss of income and related costs incurred in connection with the incident. All entries have been reflected in the Financial Statements.

Reporting Accountant

Magma Audit LLP
Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicestershire
LE7 4UZ

14 December 2018

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	1,125	1,192	16,508	18,825	13,910
Charitable activities	3	-	1,204,218	-	1,204,218	1,248,498
Other trading activities	4	6,448	-	-	6,448	5,301
Investments	5	529	-	-	529	635
TOTAL INCOME		8,102	1,205,410	16,508	1,230,020	1,268,344
EXPENDITURE ON:						
Raising funds		1,372	-	-	1,372	1,358
Charitable activities		-	1,346,960	89,563	1,436,523	1,377,077
TOTAL EXPENDITURE	6	1,372	1,346,960	89,563	1,437,895	1,378,435
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		6,730	(141,550)	(73,055)	(207,875)	(110,091)
Actuarial gains on defined benefit pension schemes	21	-	165,000	-	165,000	38,000
NET MOVEMENT IN FUNDS		6,730	23,450	(73,055)	(42,875)	(72,091)
RECONCILIATION OF FUNDS:						
Total funds brought forward		67,208	(477,729)	2,775,758	2,365,237	2,437,328
TOTAL FUNDS CARRIED FORWARD		73,938	(454,279)	2,702,703	2,322,362	2,365,237

The notes on pages 24 to 45 form part of these financial statements.

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REGISTERED NUMBER: 08197381

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		2,701,093		2,775,758
CURRENT ASSETS					
Stocks	13	-		1,450	
Debtors	14	11,700		74,922	
Cash at bank and in hand		228,337		217,916	
			240,037		294,288
CREDITORS: amounts falling due within one year	15	(85,768)		(79,809)	
NET CURRENT ASSETS			154,269		214,479
TOTAL ASSETS LESS CURRENT LIABILITIES			2,855,362		2,990,237
Defined benefit pension scheme liability	21		(533,000)		(625,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			2,322,362		2,365,237
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income fund	16	78,721		147,271	
Fixed asset fund	16	2,702,703		2,775,758	
Restricted funds excluding pension liability		2,781,424		2,923,029	
Pension reserve		(533,000)		(625,000)	
Total restricted funds			2,248,424		2,298,029
Unrestricted income funds	16		73,938		67,208
TOTAL FUNDS			2,322,362		2,365,237

The financial statements on pages 21 to 45 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:

R Brewin
Chair of Trustees

The notes on pages 24 to 45 form part of these financial statements.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	18	8,282	2,522
Cash flows from investing activities:			
Interest received		529	635
Purchase of tangible assets		(14,898)	(22,680)
Capital grants from DfE and other capital income		16,508	7,274
Net cash provided by/(used in) investing activities		2,139	(14,771)
Change in cash and cash equivalents in the year			
Cash and cash equivalents at 1 September 2017		10,421	(12,249)
		217,916	230,165
Cash and cash equivalents at 31 August 2018	19	228,337	217,916

The notes on pages 24 to 45 form part of these financial statements.

ASHBY HILL TOP PRIMARY SCHOOL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Ashby Hill Top Primary School Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

Donated fixed assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at using the ESFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

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

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.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	2% straight line
Leasehold land (125 year lease)	-	over 125 years
Furniture and fixtures	-	15% straight line
Leasehold buildings - roof repairs	-	6% 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 incorporating income and expenditure account.

1.7 OPERATING LEASES

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

1.8 STOCKS

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.9 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.

1.10 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

1. ACCOUNTING POLICIES (continued)

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.12 TAXATION

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

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.13 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. 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 multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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

1. ACCOUNTING POLICIES (continued)

1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF 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.

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.

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	1,125	1,192	2,886	5,203	6,636
Capital grants	-	-	13,622	13,622	7,274
	1,125	1,192	16,508	18,825	13,910
Total 2017	411	6,225	7,274	13,910	

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,034,997	1,034,997	1,085,809
Other DfE Group grants	-	133,646	133,646	129,551
	-	1,168,643	1,168,643	1,215,360
Other government grants				
Local Authority grants	-	17,462	17,462	15,356
	-	17,462	17,462	15,356
Other funding				
Catering income	-	18,113	18,113	17,782
	-	18,113	18,113	17,782
	-	1,204,218	1,204,218	1,248,498
Total 2017	-	1,248,498	1,248,498	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	3,786	-	3,786	2,884
Consultancy income	-	-	-	1,150
Other income	2,662	-	2,662	1,267
	6,448	-	6,448	5,301
Total 2017	5,301	-	5,301	

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	529	-	529	635
Total 2017	635	-	635	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds:					
Direct costs	-	-	-	-	-
Support costs	1,050	-	322	1,372	1,358
Educational Operations:					
Direct costs	917,235	67,172	66,667	1,051,074	1,020,588
Support costs	169,055	85,682	130,712	385,449	356,489
	1,087,340	152,854	197,701	1,437,895	1,378,435
Total 2017	1,068,301	149,372	160,762	1,378,435	

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FOR THE YEAR ENDED 31 AUGUST 2018**

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	685,990	674,577
Teaching and educational support staff costs - NI	55,956	50,394
Teaching and educational support staff costs - pensions	175,289	170,931
LGPS pension interest cost (£34,000) less return on assets (£18,000)	16,000	13,000
Educational supplies	28,150	13,727
Other direct costs	17,700	6,705
Depreciation	67,172	67,663
Technology costs	4,817	3,743
	1,051,074	1,000,740
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	130,750	134,078
Support staff costs - NI	8,666	8,786
Support staff costs - pensions	29,639	28,442
Duplicated invoices	31,511	22,701
Recruitment	1,853	360
Maintenance of premises and equipment	21,013	21,007
Cleaning	4,842	3,997
Rates	7,580	6,266
Insurance	17,186	15,371
Depreciation	22,391	22,554
Catering	21,815	28,206
Other support costs	65,027	63,460
Technology costs	1,181	138
Energy costs	12,670	12,514
Governance	9,325	8,457
	385,449	376,337
	1,436,523	1,377,077

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	89,563	90,217
Auditors' remuneration - audit	8,250	5,723
Auditors' remuneration - other services	1,100	1,093
Operating lease rentals	2,004	2,978
	101,917	100,008

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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	817,790	809,748
Social security costs	64,622	59,180
Pension costs	204,928	199,373
	1,087,340	1,068,301
	1,087,340	1,068,301

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	14	13
Administration and support	33	36
Management	1	1
	48	50
	48	50

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	0

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for this staff member amounted to £10,109 (2017: £NIL).

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £299,448 (2017 - £292,169). These figures include salary costs of all Trustees employed by the academy, even where they have no management role within their employment.

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10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and other staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Trustees' remuneration was as follows:

S Garner (Headteacher and Trustee) - resigned 22 August 2018
Remuneration £60,000 - £65,000 (2017: £55,000 - £60,000)
Employer's pension contributions £10,000 - £15,000 (2017: £5,000 - £10,000)

D L Dexter (Staff Trustee)
Remuneration £35,000 - £40,000 (2017: £35,000 - £40,000)
Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

T Fenn (Staff Trustee)
Remuneration £35,000 - £40,000 (2017: £35,000 - £40,000)
Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

C Ambrose (Staff Trustee)
Remuneration £0 - £5,000 (2017: £0 - £5,000)
Employer's pension contributions £0 - £5,000 (2017: £0 - £5,000)

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

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

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2018 was £247 (2017 - £372).

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12. TANGIBLE FIXED ASSETS

	Leasehold land & buildings £	Furniture and fixtures £	Computer equipment £	Total £
COST				
At 1 September 2017	2,947,349	91,931	71,876	3,111,156
Additions	-	4,636	10,262	14,898
At 31 August 2018	<u>2,947,349</u>	<u>96,567</u>	<u>82,138</u>	<u>3,126,054</u>
DEPRECIATION				
At 1 September 2017	254,944	38,718	41,736	335,398
Charge for the year	60,811	13,790	14,962	89,563
At 31 August 2018	<u>315,755</u>	<u>52,508</u>	<u>56,698</u>	<u>424,961</u>
NET BOOK VALUE				
At 31 August 2018	<u>2,631,594</u>	<u>44,059</u>	<u>25,440</u>	<u>2,701,093</u>
At 31 August 2017	<u>2,692,405</u>	<u>53,213</u>	<u>30,140</u>	<u>2,775,758</u>

See note 1.3 regarding assets transferred on conversion.

13. STOCKS

	2018 £	2017 £
Classroom and other materials	-	1,450

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NOTES TO THE FINANCIAL STATEMENTS
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14. DEBTORS

	2018	2017
	£	£
Trade debtors	360	-
VAT recoverable	1,793	13,609
Prepayments and accrued income	9,547	61,313
	11,700	74,922
	11,700	74,922

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	18	-
Other taxation and social security	16,496	15,452
Other creditors	18,797	29,082
Accruals and deferred income	50,457	35,275
	85,768	79,809
	85,768	79,809

	2018	2017
	£	£
DEFERRED INCOME		
Deferred income at 1 September 2017	31,355	32,159
Resources deferred during the year	35,132	31,355
Amounts released from previous years	(31,355)	(32,159)
	35,132	31,355
Deferred income at 31 August 2018	35,132	31,355

The closing balance of deferred income relates to Universal Infant Free School Meals and rates received in advance of the 2018/19 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General funds	67,208	8,102	(1,372)	-	-	73,938
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	133,924	1,034,997	(1,099,406)	-	-	69,515
Pupil Premium	13,347	59,160	(66,863)	-	-	5,644
Other DfE Group grants	-	74,486	(70,924)	-	-	3,562
Other government grants	-	17,462	(17,462)	-	-	-
Other funding	-	18,113	(18,113)	-	-	-
Other donations	-	1,192	(1,192)	-	-	-
Pension reserve	(625,000)	-	(73,000)	-	165,000	(533,000)
	(477,729)	1,205,410	(1,346,960)	-	165,000	(454,279)
RESTRICTED FIXED ASSET FUNDS						
DfE Group capital grants	18,222	7,375	(6,489)	-	-	19,108
Transfer from Local Authority	2,111,215	-	(44,290)	-	-	2,066,925
Capital maintenance grants	237,806	2,328	(13,893)	(2,328)	-	223,913
Section 106 grant	364,100	3,919	(12,264)	-	-	355,755
Other donations	3,638	2,886	(2,802)	-	-	3,722
Capital expenditure from GAG	40,777	-	(9,825)	2,328	-	33,280
	2,775,758	16,508	(89,563)	-	-	2,702,703
Total restricted funds	2,298,029	1,221,918	(1,436,523)	-	165,000	2,248,424
Total of funds	2,365,237	1,230,020	(1,437,895)	-	165,000	2,322,362

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. The closing balance relates to funds not spent at the year end.

The DfE Group restricted funds consists of Universal Infant Free School Meals (UIFSM) and PE Sport Grant. The closing balance relates to PE Sport Grant funds not spent at the year end.

Other government grants consist of High Level Needs funding and Pupil Premium (Looked After Children)

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16. STATEMENT OF FUNDS (continued)

funding, both of which have been fully spent within the year.

Other funding consists of catering income treated as restricted by virtue of the statutory obligation to provide pupil meals linked to the school funding agreement. All funds have been spent in full within the year.

Other donations consists of income received from The Friends of Hill Top (FOHT) and The Education Foundation. The income was fully spent in the year.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE Group capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £2,325,446 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the academy on conversion. The closing balance relates to the net book value of the assets concerned.

The Academies Capital Maintenance Fund (ACMF) relates to funding received towards the cost of roof repairs, a classroom extension, toilet refurbishments and emergency lighting. The closing balance relates to the net book value of the assets concerned.

Section 106 grant income consists of Local Authority funding for the construction of a modular classroom and an extension to the hall and staffroom. The closing balance relates to the net book value of the assets concerned.

Other donations relates to amounts received from Friends of Hill Top towards the purchase of Bee-Bots and cameras. The closing balance relates to the net book value of the assets concerned.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

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

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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
GENERAL FUNDS						
General Funds	62,219	6,347	(1,358)	-	-	67,208
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	115,421	1,085,809	(1,051,900)	(15,406)	-	133,924
Pupil Premium	13,393	66,550	(66,596)	-	-	13,347
Other DfE Group grants	-	63,001	(63,001)	-	-	-
Other government grants	-	15,356	(15,356)	-	-	-
Other funding	-	17,782	(17,782)	-	-	-
Other donations	-	6,225	(6,225)	-	-	-
Pension reserve	(597,000)	-	(66,000)	-	38,000	(625,000)
	<u>(468,186)</u>	<u>1,254,723</u>	<u>(1,286,860)</u>	<u>(15,406)</u>	<u>38,000</u>	<u>(477,729)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE Group capital grants	17,241	7,274	(6,293)	-	-	18,222
Transfer from Local Authority	2,155,511	-	(44,296)	-	-	2,111,215
Capital maintenance grants	251,700	-	(13,894)	-	-	237,806
Section 106 grant	374,282	-	(10,182)	-	-	364,100
Other donations	5,107	-	(1,469)	-	-	3,638
Capital expenditure from GAG	39,454	-	(14,083)	15,406	-	40,777
	<u>2,843,295</u>	<u>7,274</u>	<u>(90,217)</u>	<u>15,406</u>	<u>-</u>	<u>2,775,758</u>
Total restricted funds	<u>2,375,109</u>	<u>1,261,997</u>	<u>(1,377,077)</u>	<u>-</u>	<u>38,000</u>	<u>2,298,029</u>
Total of funds	<u><u>2,437,328</u></u>	<u><u>1,268,344</u></u>	<u><u>(1,378,435)</u></u>	<u><u>-</u></u>	<u><u>38,000</u></u>	<u><u>2,365,237</u></u>

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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	2,701,093	2,701,093
Current assets	73,938	164,489	1,610	240,037
Current liabilities	-	(85,768)	-	(85,768)
Pension scheme liability	-	(533,000)	-	(533,000)
	<u>73,938</u>	<u>(454,279)</u>	<u>2,702,703</u>	<u>2,322,362</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	2,775,758	2,775,758
Current assets	67,208	227,080	-	294,288
Current liabilities	-	(79,809)	-	(79,809)
Pension scheme liability	-	(625,000)	-	(625,000)
	<u>67,208</u>	<u>(477,729)</u>	<u>2,775,758</u>	<u>2,365,237</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(207,875)	(110,091)
Adjustment for:		
Depreciation charges	89,563	90,217
Interest receivable	(529)	(635)
Decrease in stocks	1,450	308
Decrease/(increase) in debtors	63,222	(41,825)
Increase in creditors	5,959	5,822
Capital grants from DfE and other capital income	(16,508)	(7,274)
Defined benefit pension scheme cost less contributions payable	57,000	53,000
Defined benefit pension scheme finance cost	16,000	13,000
Net cash provided by operating activities	<u>8,282</u>	<u>2,522</u>

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

	2018 £	2017 £
Cash in hand	228,337	217,916
Total	228,337	217,916

20. CONTINGENT ASSETS

In respect of the financial irregularity dating back to July 2014, insurance income may be payable to the academy trust of £84,283. No gain has been recognised during this financial year, as the receipt of the income is not certain at this stage.

21. PENSION COMMITMENTS

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

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

Contributions amounting to £17,517 were payable to the schemes at 31 August 2018 (2017 - 21,680) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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21. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £73,297 (2017 - £72,154).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £81,000 (2017 - £86,000), of which employer's contributions totalled £65,000 (2017 - £68,000) and employees' contributions totalled £16,000 (2017 - £18,000). The agreed contribution rates for future years are 23.4% - 24.4% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.30 %	3.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %
Inflation assumption (CPI)	2.30 %	2.40 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	23.8
Females	26.2	26.2

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	495,000	461,000
Bonds	216,000	137,000
Property	72,000	55,000
Cash	16,000	34,000
	<hr/>	<hr/>
Total market value of assets	799,000	687,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £34,000 (2017 - £57,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2017 for the year to 31 August 2018, or date of joining the fund if later).

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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(122,000)	(121,000)
Interest income	18,000	12,000
Interest cost	(34,000)	(25,000)
	<u>(138,000)</u>	<u>(134,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	1,312,000	1,143,000
Interest cost	34,000	25,000
Current service cost	122,000	121,000
Employee contributions	16,000	18,000
Actuarial (gains)/losses	(149,000)	7,000
Benefits paid	(3,000)	(2,000)
	<u>1,332,000</u>	<u>1,312,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	687,000	546,000
Interest income	18,000	12,000
Actuarial gains	16,000	45,000
Employer contributions	65,000	68,000
Employee contributions	16,000	18,000
Benefits paid	(3,000)	(2,000)
	<u>799,000</u>	<u>687,000</u>

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 August 2018:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	14%	133,000
0.5% increase in the Salary Increase Rate	3%	23,000
0.5% increase in the Pension Increase Rate	10%	108,000

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22. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£	£
AMOUNTS PAYABLE:		
Within 1 year	1,255	2,472
Between 1 and 5 years	1,414	2,431
Total	2,669	4,903

23. MEMBERS' LIABILITY

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

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

S Blackwell, spouse of G Blackwell, a trustee and member, is employed by the academy trust as a teaching assistant. S Blackwell's appointment was made in open competition and G Blackwell was not involved in the decision making process regarding appointment. S Blackwell is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

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

25. CONNECTED CHARITIES

The Friends of Hill Top raises money for the school and then, in line with its own board decisions, donates funds for particular projects, or assets for the benefit of the school. The charity's net assets/reserves at 31 August 2018 were £11,178 (2017 - £8,978). The charity's gross income for the year to 31 August 2018 was £6,145 (2017 - £4,803), its expenditure was £3,945 (2017 - £7,021) and its surplus for the year was £2,200 (2017 - deficit of £2,218).