

Company Registration Number: 07980317 (England & Wales)

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

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HILLCREST EARLY YEARS ACADEMY LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	G Day D Mitchell E Powell (appointed 22 March 2024) G Rushton (appointed 22 March 2024) J Tunnell (resigned 22 March 2024)
Trustees	D Mitchell, Chair of Trustees S Stokes, Headteacher and Accounting Officer K Padden (appointed 10 March 2024) T Padden P Turner (resigned 18 September 2024) H Villamuera W Walter P Walker C Fountain-Bird (appointed 7 October 2024)
Company registered number	07980317
Company name	Hillcrest Early Years Academy Limited
Principal and registered office	Hillcrest Early Years Academy Limited Heapham Road Gainsborough Lincolnshire DN21 1SW
Senior management team	S Stokes, Headteacher Z Thorpe, Deputy Headteacher G Atkinson, School Business Manager
Independent auditors	Streets Audit LLP Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	Lloyds Bank PLC 2 Northgate Sleaford Lincolnshire NG34 7BL
Solicitors	Legal Services Lincolnshire 45-49 Newland Lincoln LN1 1XZ
Governance Professional	Penny Elsegood

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Internal Auditor	Audit Lincolnshire Room 5-03 Orchard House Orchard Street Lincoln LN1 1YL
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HILLCREST EARLY YEARS ACADEMY LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2024

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2023 to 31 August 2024. 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 2 to 7 serving a catchment area in the uphill area of Gainsborough, Lincolnshire. It has a pupil capacity of 272 and had a roll of 242 on the school census in May 2023.

Structure, governance and management

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Directors Report) Regulation 2013 is not required.

a. Constitution

The academy is a charitable 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 Trustees of Hillcrest Early Years Academy Limited are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Hillcrest Early Years Academy.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

The Academy has granted an indemnity to one or more of its Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision has a limit of £5,000,000. The cost of this insurance is not separately identifiable and is included in the total insurance cost.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

Trustees and Members are sought from parents or the community as and when a vacancy arises. Prospective Trustees/Members meet with the Headteacher and Chair of Trustees. They undertake a tour of the school and meet to be asked about their skill set and the reasons for seeking to become a Trustee or a Member. Trustees and Members are asked to complete a register of their skills so we can ensure we have a balanced set of Trustees and adverts are posted asking for those particular skills.

The Board of Trustees normally meets up to six times each year, with its Headteacher and appropriate advisers, to agree plans, programmes and budgets; agree and review policies; and to monitor progress and review performance. The Board met formally six times during the period.

The Board sets the budgets within which the Academy operates. Policies are decided or ratified by the Board. The Board itself monitors the income and expenditure against the agreed budgets to enable control of finance. They have ensured that systems are in place, including operational procedures in order to minimise risk.

e. Policies adopted for the induction and training of Trustees

There is a formally agreed induction programme for newly appointed Trustees alongside the Headteacher and Chair spending time with new Trustees in order to inform them fully of the workings of the Academy and their responsibilities.

The induction provided will depend on the new Trustee's existing experience, and where necessary will include training on charity and educational legal and financial matters. All new Trustees are given a tour of the academy and the chance to meet with staff and children, and are also provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as a Trustee. As there is normally expected to be only a small number of new Trustees each year, induction tends to be done informally and is tailored specifically to the individual.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Structure, governance and management (continued)

f. Organisational structure

The Board of Trustees has devolved certain activities to sub committees with responsibility for the day to day control of these aspects of the Academy operations. These are set out below, with details of their membership and a précis of their terms of reference (*italicised*).

Finance and General Purposes Committee: Mr P Walker(Chair), Mrs D Mitchell, Mrs H Villamuera
"to ensure that the Academy complies with all financial legislation and standards of best practice, and to monitor ongoing financial and related performance and practices against these standards."

Performance Management Committee: Mr G Day, Mrs D Mitchell
"to meet with the External Adviser (SIP) and discuss the Headteacher's performance targets, to decide, with the support of the External Adviser (SIP), whether the targets have been met, to set and agree new targets annually and to monitor through the year the performance of the Headteacher against these targets."

Standards and Outcomes Committee: Mrs D Mitchell (Chair), Mrs W Walter, Mrs K Padden
"to have an in depth overview of the standards and outcomes within the academy and monitor ongoing quality assurance and practices against standards."

Audit and Risk Committee: Mr G Day (Chair), Mr T Padden, Mr P Turner.
"to review the academy's audit processes and support the trust by identifying areas that may require improvement, alongside ensuring strengthening of such areas in a timely manner."

g. Arrangements for setting pay and remuneration of key management personnel

Pay Policy for teachers and non teaching staff is fully linked to the agreed performance targets with no increment given unless performance has met or exceeded target, the criteria has been agreed with both staff and trustees. The trustees have introduced a clear expenses and gifts policy.

h. Spare paragraph 1

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Objectives and activities

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Objectives and activities (continued)

a. Principal Objectives, Activities and Aims

The principal activity of the Academy Trust, as set out in its articles of association and funding agreement with the Secretary of State is the operation of Hillcrest Early Years Academy ("The Academy Trust") to provide education for pupils of different abilities between the ages of 2 and 7.

The main objectives of the Academy during the period ended 31st August 2024 are summarised below:

- At our Academy, everybody is special and important.
- We want the children in our care to develop a love of learning for life.
- We believe the starting point for a child's education is what they can do, not what they cannot do.
- We ensure a high standard of education is delivered where children are challenged and encouraged to meet their full potential.
- We want all our children to develop a sense of pride in their achievements.
- We all work as part of a team which includes the children, the staff, parents and Trustees with the very best interests of the children at the heart of everything we do.
- We will develop the education of your child in partnership with your family and the wider community.

b. Public benefit

The Trustees have reviewed the objectives and activities of the Charity as detailed above and are satisfied that they are for the public benefit as detailed in the Charity Commission guidance note on this subject.

Achievements and performance

a. Key performance indicators

The academic performance throughout the 2023/2024 academic year is outlined below.

	Hillcrest	National	Variance
Early Years Profile (GLD)	67.9%	67.7%	+0.2%
EYFSP Average point score	1.88	1.82	+0.06
Year 1 Phonics Screen Check	86.2%	80.3%	+5.9%
KS1 Reading (EXS)	54.0%	71.5%	-17.5%
KS1 Writing (EXS)	53.0%	63.0%	-10%
KS1 Maths (EXS)	66.0%	72.2%	-6.2%
KS1 Reading (GDS)	0.0%	19.4%	-19.4%
KS1 Writing (GDS)	0.0%	9.1%	-9.1%
KS1 Maths (GDS)	0.0%	16.7%	-16.7%

Pupil numbers are consistent and stable across the Academy with limited in year movement and a waiting list for our nursery provision. Having our two-year-old children on site has enabled a smooth transition to our nursery provision, preparing them to be 'school ready' with staff working closely to support both children and their families in doing so.

Since the Academy's last Ofsted inspection and judgement of outstanding in 2014, the academy have developed a new curriculum for the children of Hillcrest Early Years Academy but during the year 2021 22 and with the new Headteacher's vision, the Curriculum was rewritten to meet the needs of our children. The Curriculum is now broad, balanced and ambitious for the pupils of Hillcrest and supports the children on their journey to know and remember more.

One of the main focus areas for development across the Academy this year has been the continued

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TRUSTEES' REPORT (CONTINUED)
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Achievements and performance (continued)

development of the quality of early reading and phonics. Through the implementation and fidelity to Little Wandle Systematic, Synthetic Phonics scheme and working collaboratively with the Witham St Hugh's English Hub as a Partner School, we have raised standards from 69% of our children achieving their Phonics Screening Check to 86.2% of children achieving their Phonics Screening Check in 2023-24.

The appointment of two Phase Leads (EYFS and KS1) has been instrumental in moving the Academy forward. The EYFS Lead has worked hard with the team to implement the new EYFS framework alongside creating our own bespoke EYFS Curriculum to bridge the gap between EYFS and KS1. There has been a significant focus on consistency of approach and lots of high quality CPD to support this. The EYFS team, alongside our EYFS Lead have worked to develop bespoke Nursery Curriculums to prepare our children for when they enter Reception. There have been significant developments on areas of provision across EYFS and KS1 to ensure that there is opportunity for purposeful play which is termed 'Discovery Time' across EYFS and 'Challenge Time' in KS1.

Another area which has been continued to be developed this year has been that of Middle Leaders and the foundation subjects. The focus this year has been on measuring the impact of the curriculum areas and all Middle Leaders have grown in confidence to do this. They have undertaken regular CPD which has empowered them to succeed and grow as Leaders. During 203-24, we have embarked upon our Artsmark journey which has significantly developed the subjects of Art and Music and the offer available to our children. We have worked hard to develop further enrichment opportunities for our children to make memorable experiences on which to hook our learning.

Writing has been another area for development across the Academy this year and standards have continued to rise. Whilst marginally below national, outcomes are 23% higher than in 2022-23 and this is due to focusing on the high quality teaching of writing which is underpinned by the Talk4Writing approach. Assessments are moderated to ensure sound judgements and therefore children have accurate starting points for transition.

Behaviour and attitudes across the Academy are strong – children are polite, courteous and demonstrate a good disposition for learning and the behaviours that surround this. The Gem Project is the heartbeat of our Academy and underpins all that we do to support our children with their metacognition and learning behaviours.

A key focus for the Academy this year has been on our attendance. We have developed the role of our Deputy Attendance Lead and this role has gone from strength to strength this year. There are two very clear and consistent messages across the academy and they are: 'every day counts' and 'attendance is everyone's responsibility' and as a result, we have seen a significant improvement in our attendance and persistent absence. The Academy is part of a DfE Attendance Hub and has been partnered with the Willows Academy to further drive improvements of attendance. The Academy has also formed strong collaborative partnerships with other settings across the local community and beyond and has been a part of the Gainsborough Aspiration Project this year which has been instrumental in making changes across the DN21 community that positively impact our children and their families.

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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

Most of the Academy's income is obtained from the ESFA (Education Skills Funding Agency) in the form of the General Annual Grant ("GAG" Funding) the use of which is restricted to particular purposes. The grants received

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

from the ESFA during the period reported on and the associated expenditure is shown as restricted funds in the statement of financial activities.

Introduced in the previous year, the new financial accounting system Access alongside adopting the ESFA recommended chart of accounts has been implemented. This is having considerable impact making our system more efficient and we are now much more confident and independent with the help of our accountants. New reports have been developed to ensure that all end of month budget figures are more accessible and easier to interpret by both Trustees and senior staff.

a. Reserves policy

The Trustees have reviewed the Academy's requirements for reserves in the light of the main risks to the organisation. This review also encompassed the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trustees have determined that the appropriate level of "free" reserves i.e. unrestricted and restricted funds held not committed or invested in tangible fixed assets should not fall below 10% of agreed budgeted income approximately £150,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of restricted and unrestricted general reserves (excluding pension reserve) is £153,161 (2023: £166,464), this is as a result of an in year deficit in these funds during the year totalling £13,303 (2023: Deficit £107,419). Therefore the Academy has a sufficient level of free reserves to meet the policy requirement. The Trustees will review the reserve levels annually.

b. Investment policy

Should the level of free cash reserves held by the Academy exceed that which is necessary to service its ongoing working capital needs, the Trustees, with reference to the short and longer term forecasts will consider investment of any excess funds over an appropriate period, to maximise the return on any such surplus funds, while ensuring that risk is avoided insofar as is possible.

c. Principal risks and uncertainties

Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas and in relation to the control of finances to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trustees are confident that the Academy has an effective system of internal financial controls and this is explained in more detail in a separate section. A new audit and risk committee has met twice this year to discuss potential risks for the Academy.

The Academy has carried out an extensive risk assessment based on the ESFA model, and has been reviewed in 2023-24 by the Trustees. The risks are categorised into various headings to permit us to analyse in detail specific risks.

The predominant risks are given below.

Strategic and Reputation Risks

(a) Competition risk

We have identified that we need to remain focused on our reputation within the local community to ensure future children and families see the Academy as a great learning establishment. We maintain a healthy presence and

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TRUSTEES' REPORT (CONTINUED)
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reputation in the community - whole school results and interaction with the local community remain a major focus. As an outstanding Academy we are looking to develop our local nursery offer to accommodate further places and a younger age group moving forward. We are thriving at present with healthy reserves and a good reputation and plans to further develop the Academy, however, dependent on changes implemented by the new Government, this could leave us in a vulnerable position as a standalone Academy.

(b) Public profile risk

Failure to comply with statutory Health and Safety legislation. The "Human Factor" can never be eliminated, however the Academy has an active H&S culture in place that extends from the children, staff, Trustees Members and public. The Academy retains external advisors who can advise when necessary on H&S matters. The seeking of specialist advice should be used when major decisions to legislation are made.

(c) Board of Trustees Risk

The Trustees have appointed the firm of lawyers, Judicium, to cover all aspects of human resources and general legal matters to ensure compliance

(d) Operation Risk

Computers and data could be lost. We have an excellent insurance policy that will ensure the academy can reopen within two days following a critical incident and data retrieved from external servers. Failure to comply with statutory GDPR legislation is a going concern. The Academy has employed an external company to support with this. The DPO takes responsibility for all data protection policies and they ensure all staff are well trained so the Academy remains compliant.

(e) Trust Estate Risk

Ever present risk of the Trust's estate deteriorating as the buildings and surrounding areas become older. The trustees actively monitor the estate to make sure it's well maintained and allocate expenditure specifically for the purpose of compliance with regulations.

Fundraising

Our approach to fundraising is very small. We do not work with private/professional fundraisers who either work for a charity or work for us on our behalf.

This year, we have supported 3 main charities as part of our fundraising; these are: Children in Need, The Royal British Legion and also Comic Relief.

The Trustees monitor our fundraising and ensure that we support the named charities for the year. They are very aware of how challenged our community is with money and life chances so do not allow for major fundraising which would not relate to our community.

Plans for future periods

The plans for future periods for Hillcrest Early Years Academy are outlined below and build upon the successes from 2023-24.

- Priority 1 To further develop oracy and Early Language Provision to raise standards in Writing
- Priority 2 To further enhance and embed the Reading Culture
- Priority 3 To raise standards in Maths so that they are broadly in line with National expectations and where this is not the case, gaps are closing.
- Priority 4 To develop a 'Character Curriculum' to aid childrens' personal development

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2024

Funds held as custodian on behalf of others

There are no funds held by the academy as custodian trustee or 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 2 December 2024 and signed on its behalf by:


.....
D Mitchell
Chair of Trustees


.....
P Walker
Chair of Finance Committee

HILLCREST EARLY YEARS ACADEMY LIMITED
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Hillcrest Early Years Academy Limited 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 Hillcrest Early Years Academy Limited 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
D Mitchell, Chair of Trustees	6	6
S Stokes, Headteacher and Accounting Officer	6	6
K Padden	6	6
T Padden	6	6
P Turner	4	6
H Villamuera	5	6
W Walter	4	6
P Walker	5	6
C Fountain-Bird	0	0

All trustees are asked to complete a declaration of interest. At the start of each meeting the Chair asks trustees if they have any amendments to their declaration or if there are any conflicts of interest with the planned agenda. This is then noted within the minutes.

The Academy annually completes a self-assessment to assess their performance internally. On an annual basis, we have an external audit in addition to an SRMA audit and both of which have had positive outcomes and Governance has been graded as strong with a clear direction for improvement in subsequent years.

External audit shows that review of the minutes has indicated that documents issued by the ESFA are regularly circulated and discussed as appropriate at meetings. Financial management reports which strictly meet the requirements of the ESFA have been circulated appropriately in the year and considered by trustees as required at meetings. The minutes are detailed and appropriate and reflect the discussions, which include robust challenge, which have been undertaken in the year. It is clearly evidenced in minutes that the trustees and the accounting officer take a keen interest in the financial health of the school with appropriate questions being asked and discussion being held. The academy continues to have good governance arrangements in the year with all must requirements met. The Board varies from 3 to 5 members and the majority of members are independent from the board of trustees. Currently, in line with the Academy's articles of association, there are no staff trustees (excluding the Headteacher) on the board of trustees. Information held at GIAS, Companies House and on the academy website and have not found any inconsistencies at the date of audit. One change to

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Companies House was not posted on a timely basis but has since been rectified.

Trustees and management are to ensure that online filings regarding the governance structure are made promptly. Trustees need to ensure as per the articles of association and the ESFA schedule that 3 Members are required to be in post at all times.

There was one trustee change in the year being P Turner resigning 18th September 2024.

The Finance and General Purposes Committee is a sub-committee of the main board of Trustees. Its purpose is to support the Accounting Officer in their day to day running of the financial affairs of the Academy and to oversee its systems of internal control.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
D Mitchell	6	6
S Stokes	6	6
H Villamuera	5	6
P Walker	6	6

The Audit and Risk Committee is also a sub-committee of the main Board of Trustees. Its purpose is to ensure sound management of the Academy's finances and resources, including proper planning and application of resources, monitoring and probity.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
G Day	1	1
P Turner	1	1
S Stokes	1	1
T Padden	1	1

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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, as well as estates safety and management, 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:

- Ensuring due diligence on every purchase and obtaining multiple quotes for higher value contracts, items or works.

The Finance Manager continues to lead on premises matters and does so very effectively. The Premises Team is efficient and even more of the maintenance of the buildings and many changes / developments continue to be dealt with 'in-house'.

Leadership and management

The model of Phase Leadership has been instrumental this year in helping to move the Academy forwards. There is a Senior Leadership Team which consists of a Headteacher, Deputy Headteacher and School Business Manager alongside our Phase Leadership Team which consists of an Early Years Lead and a KS1 Lead.

Reviewing suppliers

We continually review external suppliers to ensure we get value for money. When we come to the final year of three year contracts with suppliers, the SBM and the Headteacher are meeting with suppliers to discuss the rolling contracts and give feedback on suppliers services. As part of this review, we are looking at suppliers other academies use and finding out from them about the quality of work delivered to them. We are changing and tweaking contracts to ensure that our academy secures value for money in all areas. As part of reviewing suppliers, we also continually review our subscriptions as an SLT to ensure value for money.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hillcrest Early Years Academy Limited for the year 1 September 2023 to 31 August 2024 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 2023 to 31 August 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes 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
- identification and management of risks to be reviewed by the audit committee

The Board of Trustees has decided to employ Audit Lincolnshire as internal auditor.

This was chosen with guidance from the financial handbook on having internal scrutiny at the academy, it was decided to seek this support externally.

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 the approval of the 2023/24 budget
- Testing of the purchase systems
- Testing of the VAT returns
- Testing of control account / bank reconciliations
- Testing of monthly payroll systems
- Testing of the appointment of staff

On an annual basis, the internal auditor reports to the board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal audit took place at the academy during the summer term as scheduled in previous years. The Audit took place over two days and the report was produced in a timely manner.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the internal auditor
- the financial management and governance self-assessment process;
- the school resource management self-assessment tool;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditors;

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Conclusion

Based on the advice of the audit and risk committee and the accounting officer, the board of trustees is of the opinion that the academy trust has an adequate and effective framework for governance, risk management and control.

Approved by order of the members of the Board of Trustees on and signed on their behalf by:


.....
D Mitchell
Chair of Trustees


.....
S Stokes
Accounting Officer

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STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hillcrest Early Years Academy Limited I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2023, including responsibilities for estates safety and management.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academy Trust Handbook 2023.

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



S Stokes
Accounting Officer
Date: 2/12/2024

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2024

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 2019 and the Academies Accounts Direction 2023 to 2024;
- 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 2 December 2024 and signed on its behalf by:


.....
D Mitchell
Chair of Trustees


.....
P Walker
Chair of Finance Committee

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST EARLY YEARS ACADEMY LIMITED**

Opinion

We have audited the financial statements of Hillcrest Early Years Academy Limited (the 'academy') for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2024 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 2019 and the Academies Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST EARLY YEARS ACADEMY LIMITED (CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year 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.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST EARLY YEARS ACADEMY LIMITED (CONTINUED)**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, SORP 2015 (FRS 102), taxation legislation, the Academies Accounts Direction 2023 to 2024, Academy Trust Handbook 2023 issued by the Education and Skills funding Agency, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.
- reviewed Trustee meeting minutes for evidence of appropriate decision-making and management controls.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLCREST EARLY YEARS ACADEMY LIMITED (CONTINUED)**

- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Lizzie Saywell MAAT ACA BFP
(Senior Statutory Auditor)
for and on behalf of
Streets Audit LLP
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Date: 17/12/2024

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST
EARLY YEARS ACADEMY LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2023 to 2024, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillcrest Early Years Academy Limited during the year 1 September 2023 to 31 August 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Hillcrest Early Years Academy Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hillcrest Early Years Academy Limited's funding agreement with the Secretary of State for Education dated 23 November 2018 and the Academy Trust Handbook, extant from 1 September 2023, 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 2023 to 2024. 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 2023 to 31 August 2024 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- A review of the academy trust's systems and controls and confirmation of the operation and effectiveness during the year; and
- A review of expenditure to confirm the appropriateness and value for money; and
- A review of connected party arrangements, transactions and balances.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST
EARLY YEARS ACADEMY LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2023 to 31 August 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Lizzie Saywell MAAT ACA BFP
Streets Audit LLP
Chartered Accountant and Statutory Auditor

Date: 17/12/2024

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2024**

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Restricted fixed asset funds 2024 £	Total funds 2024 £	Total funds 2023 £
Income from:						
Donations and capital grants	3	-	-	6,468	6,468	20,667
Other trading activities	5	57,008	-	-	57,008	46,272
Investments	6	672	5,000	-	5,672	4,533
Charitable activities		-	1,619,746	-	1,619,746	1,468,748
Total income		57,680	1,624,746	6,468	1,688,894	1,540,220
Expenditure on:						
Charitable activities	7	70,983	1,554,746	15,418	1,641,147	1,647,639
Total expenditure		70,983	1,554,746	15,418	1,641,147	1,647,639
Net movement in funds before other recognised gains/(losses)		(13,303)	70,000	(8,950)	47,747	(107,419)
Other recognised gains/(losses):						
Derecognition of Pension Surplus		-	(100,000)	-	(100,000)	(23,000)
Actuarial gains on defined benefit pension schemes	22	-	30,000	-	30,000	165,000
Net movement in funds		(13,303)	-	(8,950)	(22,253)	34,581
Reconciliation of funds:						
Total funds brought forward		166,464	-	1,319,177	1,485,641	1,451,060
Net movement in funds		(13,303)	-	(8,950)	(22,253)	34,581
Total funds carried forward		153,161	-	1,310,227	1,463,388	1,485,641

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

The notes on pages 27 to 51 form part of these financial statements.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07980317


BALANCE SHEET
AS AT 31 AUGUST 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	1,305,600	1,318,624
		<u>1,305,600</u>	<u>1,318,624</u>
Current assets			
Debtors	14	41,668	50,721
Cash at bank and in hand		188,999	201,841
		<u>230,667</u>	<u>252,562</u>
Creditors: amounts falling due within one year	15	(72,879)	(85,545)
Net current assets		<u>157,788</u>	<u>167,017</u>
Total assets less current liabilities		<u>1,463,388</u>	<u>1,485,641</u>
Net assets excluding pension asset		<u>1,463,388</u>	<u>1,485,641</u>
Total net assets		<u><u>1,463,388</u></u>	<u><u>1,485,641</u></u>
Funds of the academy			
Restricted funds	16	1,310,227	1,319,177
Unrestricted income funds	16	153,161	166,464
Total funds		<u><u>1,463,388</u></u>	<u><u>1,485,641</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 24 to 51 were approved by the Trustees, and authorised for issue on 02 December 2024 and are signed on their behalf, by:


.....
D Mitchell
Chair of Trustees


.....
P Walker
Chair of Finance

The notes on pages 27 to 51 form part of these financial statements.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	18	(17,588)	(87,132)
Cash flows from investing activities	19	4,746	25,200
Change in cash and cash equivalents in the year		(12,842)	(61,932)
Cash and cash equivalents at the beginning of the year		201,841	263,773
Cash and cash equivalents at the end of the year	20, 21	<u><u>188,999</u></u>	<u><u>201,841</u></u>

The notes on pages 27 to 51 form part of these financial statements

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2023 to 2024 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Other income**

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

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- 0.8% straight line
Furniture and equipment	- 20% straight line
Computer equipment	- 33.33% 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.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

1. Accounting policies (continued)

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in 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 instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

1. Accounting policies (continued)

1.11 Pensions

The academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the academy to the fund in respect of the year.

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

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. Consequently, the TPS is 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 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees.

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

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

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

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2024. 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.

The judgement applied and assumptions used, on whether an asset is recognised or restricted, are also set out in the notes.

3. Income from donations and capital grants

	Restricted fixed asset funds 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Grants	6,468	6,468	20,667

HILLCREST EARLY YEARS ACADEMY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

4. Funding for the academy's educational operations

	Restricted funds 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	938,495	938,495	863,798
Other DfE/ESFA grants			
Rates Relief	3,701	3,701	3,482
Pupil Premium	131,899	131,899	129,698
Teachers' Pay and Pension Grant	23,439	23,439	7,555
PE & Sports Grant	17,140	17,140	17,030
Universal Infant Free School Meals	23,074	23,074	22,895
Other DfE/EFA Grants	44,501	44,501	66,328
	<hr/> 1,182,249	<hr/> 1,182,249	<hr/> 1,110,786
Other Government grants			
Special Educational Needs Grants	132,352	132,352	91,042
Early Years Single Funding Formula	274,978	274,978	221,363
Other Local Authority Grants	30,167	30,167	45,557
	<hr/> 437,497	<hr/> 437,497	<hr/> 357,962
COVID-19 additional funding (non-DfE/ESFA)			
	<hr/> 1,619,746	<hr/> 1,619,746	<hr/> 1,468,748
Total income from Educational operations	<hr/> <hr/> 1,619,746	<hr/> <hr/> 1,619,746	<hr/> <hr/> 1,468,748

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

5. Income from other trading activities

	Unrestricted funds 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Insurance income	17,570	17,570	3,930
Educational visits	3,439	3,439	5,261
Income from clubs	14,946	14,946	7,087
Other trading income	21,053	21,053	29,994
Total 2024	57,008	57,008	46,272

6. Investment income

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Investment income	672	-	672	4,533
Pension income	-	5,000	5,000	-
Total 2024	672	5,000	5,672	4,533
<i>Total 2023</i>	<i>4,533</i>	<i>-</i>	<i>4,533</i>	

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FOR THE YEAR ENDED 31 AUGUST 2024

7. Expenditure

	Staff Costs 2024 £	Premises 2024 £	Other 2024 £	Total 2024 £	<i>Total 2023 £</i>
Educational operations					
Direct costs	1,155,311	-	46,937	1,202,248	1,148,436
Allocated support costs	188,081	61,714	189,104	438,899	499,203
Total 2024	<u>1,343,392</u>	<u>61,714</u>	<u>236,041</u>	<u>1,641,147</u>	<u>1,647,639</u>
<i>Total 2023</i>	<u>1,264,449</u>	<u>71,143</u>	<u>312,047</u>	<u>1,647,639</u>	

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

8. Analysis of expenditure by activities

	Activities undertaken directly 2024 £	Support costs 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Educational operations	1,202,248	438,899	1,641,147	1,647,639
Total 2024	<u>1,202,248</u>	<u>438,899</u>	<u>1,641,147</u>	<u>1,647,639</u>
<i>Total 2023</i>	<u>1,148,436</u>	<u>499,203</u>	<u>1,647,639</u>	

Analysis of direct costs

	Educational Activities 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Staff costs	1,155,311	1,155,311	1,034,374
Educational Supplies	24,771	24,771	97,203
Staff Development	5,522	5,522	2,895
Other Direct costs	16,644	16,644	13,964
Total 2024	<u>1,202,248</u>	<u>1,202,248</u>	<u>1,148,436</u>

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Activities 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Pension costs	-	-	4,000
Staff costs	188,081	188,081	230,075
Depreciation	15,418	15,418	22,612
Catering	81,060	81,060	76,817
Academy Trips	11,092	11,092	17,795
Maintenance of Premises and Equipment	20,278	20,278	31,078
Rent and Rates	4,806	4,806	6,902
Heat & Light	21,200	21,200	15,872
Insurance	24,101	24,101	17,291
Other support costs	72,863	72,863	76,711
Bank charges	-	-	50
Total 2024	438,899	438,899	499,203

9. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2024 £	<i>2023 £</i>
Depreciation of tangible fixed assets	15,418	22,612
Fees paid to auditors for:		
- audit	4,500	4,500
- other services	3,500	3,500

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

10. Staff

a. Staff costs and employee benefits

Staff costs during the year were as follows:

	2024 £	2023 £
Wages and salaries	1,069,792	991,642
Social security costs	88,354	73,015
Pension costs	185,246	199,792
	<u>1,343,392</u>	<u>1,264,449</u>

b. Severance payments

The academy paid 3 severance payments in the year (2023 - -), disclosed in the following bands:

	2024 No.	2023 No.
£0 - £25,000	<u>3</u>	<u>-</u>

c. Staff numbers

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

	2024 No.	2023 No.
Teachers	8	8
Administration and support	32	30
Management	1	1
Sparkles	4	5
	<u>45</u>	<u>44</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

10. Staff (continued)

d. Higher paid staff

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

	2024	2023
	No.	No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

e. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by 3 (2022: 4) key management personnel for their services to the academy was £223,421 (2023 £207,936).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

	2024	2023
	£	£
S Stokes, Headteacher and Accounting Officer Remuneration	65,000 -	60,000 -
	70,000	65,000
Pension contributions paid	15,000 -	10,000 -
	20,000	15,000

During the year ended 31 August 2024, no Trustee expenses have been incurred (2023 - £NIL).

12. 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 £5,000,000 on any one claim. The cost of this insurance is not separately identifiable and is included in the total insurance cost.

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2023	1,423,450	154,337	38,393	1,616,180
Additions	-	2,394	-	2,394
At 31 August 2024	<u>1,423,450</u>	<u>156,731</u>	<u>38,393</u>	<u>1,618,574</u>
Depreciation				
At 1 September 2023	111,644	149,982	35,930	297,556
Charge for the year	11,388	1,567	2,463	15,418
At 31 August 2024	<u>123,032</u>	<u>151,549</u>	<u>38,393</u>	<u>312,974</u>
Net book value				
At 31 August 2024	<u>1,300,418</u>	<u>5,182</u>	<u>-</u>	<u>1,305,600</u>
At 31 August 2023	<u>1,311,806</u>	<u>4,355</u>	<u>2,463</u>	<u>1,318,624</u>

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

14. Debtors

	2024 £	2023 £
Due within one year		
Trade debtors	-	100
Other debtors	7,141	13,122
Prepayments and accrued income	34,527	37,499
	41,668	50,721
	41,668	50,721

15. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	6,897	21,514
Other taxation and social security	18,777	18,980
Other creditors	24,301	21,802
Accruals and deferred income	22,904	23,249
	72,879	85,545
	72,879	85,545

	2024 £	2023 £
Deferred Income		
Deferred income at 1 September 2023	16,052	13,251
Resources deferred during the year	15,799	16,052
Amounts released from previous periods	(16,052)	(13,251)
	15,799	16,052
	15,799	16,052

At the balance sheet date, the Academy Trust had received funding in advance for income streams including Universal Infant Free School Meals and Rates Relief.

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

16. Statement of funds

	Balance at 1 September 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2024 £
Unrestricted funds						
General Funds	166,464	57,680	(70,983)	-	-	153,161
Restricted general funds						
General Annual Grant (GAG)	-	938,495	(938,495)	-	-	-
Pupil Premium	-	131,899	(131,899)	-	-	-
Other ESFA	-	111,855	(111,855)	-	-	-
Local Authority	-	437,497	(437,497)	-	-	-
Pension reserve	-	5,000	65,000	-	(70,000)	-
	-	1,624,746	(1,554,746)	-	(70,000)	-
Restricted fixed asset funds						
Purchased tangible fixed assets	1,318,624	-	(15,418)	2,394	-	1,305,600
DFC	553	6,468	-	(2,394)	-	4,627
	1,319,177	6,468	(15,418)	-	-	1,310,227
Total Restricted funds	1,319,177	1,631,214	(1,570,164)	-	(70,000)	1,310,227
Total funds	1,485,641	1,688,894	(1,641,147)	-	(70,000)	1,463,388

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

16. Statement of funds (continued)

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

Unrestricted funds:

General funds- those resources which may be used towards meeting any of the objects of the academy at the discretion of the trustees. These include school clubs income, trip income not funding by the school fund, toddler groups and letting. These have not been designated for particular purposes.

Restricted funds:

General Annual Grant (GAG) - made up of a number of different funding streams from the ESFA, all of which are to be used to cover the running costs of the academy.

Pupil Premium - pupil premium grant received from the ESFA for disadvantaged children.

Other ESFA grants - represents EFA grants received for a specific purpose. Included in Other ESFA grants is grants received for PE & Sports and income received in respect of universal free school meals.

Other Government Grants - represent grants from other government bodies that are received for a specific purpose. Included in other Government grants is a grant received in respect of Early Years Single Funding.

Other Restricted Funds - represent other income received which must be used for specific purposes intended.

Pension reserve - the costs and income associated with the defined benefit pension scheme, the local government pension scheme (LGPS) have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS. The balance has been reduced to £Nil following derecognition of the pension surplus. Actuarial gains and losses relating to the movement on the LGPS scheme have been allocated to this fund.

Restricted Fixed Asset Funds:

Purchased Tangible Fixed Assets - represents the net book value of fixed assets acquired using GAG income, Local Authority Grants and DFC grants from the EFA.

Devolved Formula Capital (DFC) - Represents unspent grants received for which the specific purpose of capital expenditure has imposed by the funder.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2024.

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

16. Statement of funds (continued)

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

	<i>Balance at 1 September 2022 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2023 £</i>
Unrestricted funds						
General Funds	159,660	50,805	(50)	(43,951)	-	166,464
Restricted general funds						
General Annual Grant (GAG)	-	863,798	(907,749)	43,951	-	-
Pupil Premium	-	129,698	(129,698)	-	-	-
Other ESFA	86,164	117,290	(203,454)	-	-	-
Local Authority	-	357,962	(357,962)	-	-	-
Pension reserve	(136,000)	-	(6,000)	-	142,000	-
	(49,836)	1,468,748	(1,604,863)	43,951	142,000	-
Restricted fixed asset funds						
Purchased tangible fixed assets	1,341,236	-	(22,612)	-	-	1,318,624
DFC	-	20,667	(20,114)	-	-	553
	1,341,236	20,667	(42,726)	-	-	1,319,177
Total Restricted funds	1,291,400	1,489,415	(1,647,589)	43,951	142,000	1,319,177
Total funds	1,451,060	1,540,220	(1,647,639)	-	142,000	1,485,641

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2024 £	Restricted funds 2024 £	Restricted fixed asset funds 2024 £	Total funds 2024 £
Tangible fixed assets	-	-	1,305,600	1,305,600
Current assets	153,161	72,879	4,627	230,667
Creditors due within one year	-	(72,879)	-	(72,879)
Total	153,161	-	1,310,227	1,463,388

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2023 £</i>	<i>Restricted fixed asset funds 2023 £</i>	<i>Total funds 2023 £</i>
Tangible fixed assets	<i>(553)</i>	<i>1,319,177</i>	<i>1,318,624</i>
Current assets	<i>252,562</i>	<i>-</i>	<i>252,562</i>
Creditors due within one year	<i>(85,545)</i>	<i>-</i>	<i>(85,545)</i>
Total	166,464	1,319,177	1,485,641

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2024	2023
	£	£
Net income/(expenditure) for the period (as per Statement of Financial Activities)	47,747	(107,419)
Adjustments for:		
Depreciation	15,418	22,612
Capital grants from DfE and other capital income	(6,468)	(20,667)
Interest receivable	(672)	(4,533)
Defined benefit pension scheme cost less contributions payable	(5,000)	4,000
Defined benefit pension scheme finance cost	(65,000)	2,000
Decrease in debtors	9,053	2,181
(Decrease)/increase in creditors	(12,666)	14,694
Net cash used in operating activities	(17,588)	(87,132)

19. Cash flows from investing activities

	2024	2023
	£	£
Dividends, interest and rents from investments	672	4,533
Purchase of intangible assets	(2,394)	-
Capital grants from DfE Group	6,468	20,667
Net cash provided by investing activities	4,746	25,200

20. Analysis of cash and cash equivalents

	2024	2023
	£	£
Cash in hand and at bank	188,999	201,841
Total cash and cash equivalents	188,999	201,841

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

21. Analysis of changes in net debt

	At 1 September 2023 £	Cash flows £	At 31 August 2024 £
Cash at bank and in hand	201,841	(12,842)	188,999
	<u>201,841</u>	<u>(12,842)</u>	<u>188,999</u>

HILLCREST EARLY YEARS ACADEMY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

22. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £24,301 were payable to the schemes at 31 August 2024 (2023 - £21,802) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies 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 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million.

The result of this valuation will be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £93,043 (2023 - £83,275).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the academy trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above, the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2024 was £190,000 (2023 - £147,000), of which employer's contributions totalled £155,000 (2023 - £118,000) and employees' contributions totalled £ 35,000 (2023 - £29,000). The agreed contribution rates for future years are 22.70 per cent for employers and varying per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

Lincolnshire Pension Fund	2024	2023
	%	%
Rate of increase in salaries	3.8	3.85
Rate of increase for pensions in payment/inflation	2.8	2.85
Discount rate for scheme liabilities	5.1	5.3

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

22. Pension commitments (continued)

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

	2024	2023
	Years	Years
<i>Retiring today</i>		
Males	19.5	19.5
Females	22.7	22.6
<i>Retiring in 20 years</i>		
Males	20.7	20.8
Females	24.1	24

Sensitivity analysis

Lincolnshire Pension Fund

	2024	2023
	£000	£000
Discount rate -0.5%	187,000	104,000
Salary Increase rate +0.5%	5,000	5,000
Pension increase rate +0.5%	186,000	152,000

Share of scheme assets

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

	At 31	At 31 August
	August 2024	2023
	£	£
Equities	914,000	811,000
Corporate bonds	231,000	173,000
Property	118,000	98,000
Cash and other liquid assets	55,000	45,000
Infrastructure	70,000	50,000
Absolute return fund	277,000	138,000
Total market value of assets	1,665,000	1,315,000

The actual return on scheme assets was £150,000 (2023 - £5,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

22. Pension commitments (continued)

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

	2024 £	2023 £
Current service cost	(90,000)	(120,000)
Interest income	75,000	52,000
Interest cost	(70,000)	(56,000)
Total amount recognised in the Statement of Financial Activities	(85,000)	(124,000)

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

	2024 £	2023 £
At 1 September	1,292,000	1,307,000
Current service cost	90,000	120,000
Interest cost	70,000	56,000
Employee contributions	35,000	29,000
Actuarial losses/(gains)	45,000	(212,000)
Benefits paid	10,000	(8,000)
At 31 August	1,542,000	1,292,000

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

	2024 £	2023 £
At 1 September	1,315,000	1,171,000
Interest income	75,000	53,000
Actuarial gains/(losses)	75,000	(47,000)
Employer contributions	155,000	118,000
Employee contributions	35,000	29,000
Benefits paid	10,000	(8,000)
Administration Expenses	-	(1,000)
At 31 August	1,665,000	1,315,000

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

As at 31 August 2024 and 31 August 2023, the present value of the defined benefit obligation at the reporting date was valued at less than the fair value of plan assets and therefore the plan has a surplus. In accordance with FRS 102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

On the basis that the future contribution rate exceeds the project service cost there would appear to be no economic benefit to the academy. In addition, the separate triennial valuation is used to calculate future contribution rates on a different valuation basis there is no realistic expectation that the surplus will be realised or will provide future economic benefit to the trust. As a result the pension asset has not been recognised in the balance sheet of the financial statements. The asset and liability movements as included in the FRS 102 valuation report have been disclosed below for transparency.

23. Operating lease commitments

At 31 August 2024 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024 £	2023 £
Not later than 1 year	8,085	8,085
Later than 1 year and not later than 5 years	-	8,085
	<u>8,085</u>	<u>16,170</u>

24. 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.

25. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

