

Company Registration Number: 07744525 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 13
Governance statement	14 - 16
Statement on regularity, propriety and compliance	17
Statement of Trustees' responsibilities	18
Independent auditor's report on the financial statements	19 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities incorporating income and expenditure account	25
Balance sheet	26 - 27
Statement of cash flows	28
Notes to the financial statements	29 - 54

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

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Dee Mcilmurray Isaac Otomewo Lewis Palin
Trustees	Julie Ann Davies Dee Mcilmurray, Chair of Governors Lewis Palin, Vice Chair of Governors Paul Earley Alan Morgan (resigned 31 December 2020) Isaac Otomewo Louise Macarthur-Clare Oliver Drain Roy Priest Ahmed Elderiny (appointed 13 October 2020) Donovan James (appointed 21 September 2020) Rula Kanona (appointed 21 September 2020)
Company registered number	07744525
Company name	Hillcrest School and Sixth Form Centre
Principal and registered office	Stonehouse Lane Bartley Green Birmingham B32 3AE
Headteacher and accounting officer	Julie Ann Davies
Senior management team	Julie Ann Davies Samuel Abbotts Stephen Connor-Hemming Shamim Palmer Sharron Johnson
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
Bankers	Lloyds TSB 125 High Street Birmingham B17 9NP

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Hillcrest School and Sixth Form Centre is an 11-18 girls' Converter Academy with mixed sixth form provision and is also part of the Oaks Collegiate a group of secondary and primary schools working together to ensure the best outcomes for students and investing in staff development.

Hillcrest School and Sixth Form Centre was inspected by Ofsted in September 2013 and achieved a 'Good' overall Ofsted rating with an 'Outstanding' grade for Behaviour and Safety. In July 2017 Hillcrest had a short Ofsted inspection that confirmed the leadership team has maintained the good quality of education since the last inspection.

Structure, governance and management

a. Constitution

The Charitable Company is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Charitable Company.

The Governors of Hillcrest School and Sixth Form Centre are also the directors of the charitable company for the purposes of company law.

Details of the Governors 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. Governors' indemnities

As allowed by the provisions of the Articles of Association of the Academy and as disclosed in note 11, professional indemnity insurance is paid on behalf of the Governors of the Academy.

d. Method of recruitment and appointment or election of Governors

The Academy's Board of Governors is subject to retirement by rotation. Governors are eligible for re-election at the meeting at which they retire. The Governors to retire are those who have served the longest in office since their appointment or re-election. New Governors are recruited in accordance with the Articles of Association and 'A Guide to the Law for School Governors.' The term of office for any Governor is 4 years, although this time limit does not apply to the Head teacher.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

e. Policies and procedures adopted for the induction and training of Governors

The Academy continues to procure Governor Support services provided by Birmingham City Council, the local authority. Additional training is provided as required based on individual or collective need. External advice and support is commissioned where necessary.

f. Organisational structure

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

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

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

The Board of Governors has established two sub committees. Each subcommittee has its own terms of reference detailing the responsibilities discharged to the subcommittee, to the Head teacher, (The Accounting Officer), Deputy Head Teachers, Assistant Head Teachers and Strategic Business Manager. The terms of reference and meeting frequency for each subcommittee is reviewed and approved by the Board of Governors annually. The terms of reference for the Finance Sub Committee detail the Academy's authorised spending limits.

The sub committees of the Governing Body are the:

- Finance and Operations Committee
- Personnel Committee

Groups of governors may be formally organised outside of the subcommittee structure to support the Academy as required, to consider:

- Headteachers Pay Committee
- Pupil Exclusions Panel
- Staff Capability, Disciplinary and Pay Appeals Panel

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

g. Pay policy for key management personnel

The salaries of the Headteacher, Deputy Headteacher/s and Assistant Headteacher will be reviewed annually as required by the School Teachers Pay and Condition Document.

Working in the academy sector Hillcrest School and Sixth Form Centre believes that it is important to be transparent about pay levels of its key management personnel and how those salaries are set. Our salaries are benchmarked against similar roles in the academy sector.

The academy uses a recognised pay scale for teachers however some flexibility is applied to take into consideration the specific requirements for each post and ensure we can recruit and retain the best people for the role with both the skills required and the passion for the service. For support staff the nationally recognised single status salary grading is used to ensure equal pay.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	%
Total cost of facility time	-	
Total pay bill	3,314,245	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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i. Related parties and other connected charities and organisations

The Academy continues to work in partnership with the other schools in the Oaks Collegiate, including some shared provision at Post 16.

The Headteacher is a member of the Birmingham Education Partnership (BEP) and is a Secondary Representative for the Oaks Collegiate on the BEP SLIC group

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

j. Principal activities

Hillcrest School and Sixth Form Centre is an 11 - 18 girls' Converter Academy with mixed sixth form provision and is also part of the Oaks Collegiate and the Bartley Green Teaching Schools Alliance.

Hillcrest School and Sixth Form Centre was inspected by Ofsted in September 2013 and achieved a 'Good' overall Ofsted rating with an 'Outstanding' grade for Behaviour and Safety. In July 2017 Hillcrest had a short Ofsted inspection that confirmed the leadership team has maintained the good quality of education since the last inspection.

Objectives and activities

a. Objects and aims

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

The Board of Governors continues to set the Academy's strategic aims through the School Improvement Plan. These aims are monitored closely by the Board of Governors by way of Head teacher and Senior Team Reports and through the work of the sub committees.

The aims and objectives for the Academy are derived from the school's mission statement which is:

"Hillcrest School and Sixth Form Centre is a safe and respectful learning environment where every child is valued as an individual with unique talents and ambitions"

We:

- are an outward looking and confident community, actively promoting the fundamental British values of democracy, the rule of law, individual liberty, mutual respect, and tolerance of those with different faiths and beliefs;
- are a happy, responsible and fair school respected by the community;
- improve our environment to meet the educational demands of the twenty first century;
- raise expectations and achievement for all;
- prepare everyone for the challenges of modern Britain and a changing world; and
- develop a passion for life long learning.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

The key aims of the Academy for the forthcoming year are to:

- To ensure all students make consistently strong progress in all subjects.
- To ensure any gaps in learning or additional needs that resulted from the impact of COVID 19 are addressed in class and via recovery activities and support.
- To ensure that the curriculum from key stage 3 to 5 gives students the knowledge, skills and cultural capital they need to take advantage of opportunities, responsibilities and experiences of later life and achieve social mobility.
- To ensure disadvantaged students at Hillcrest perform as well as all other students nationally.
- To continue to improve outcomes for students with SEND and high prior attainment.
- To continue to increase the number of GCSE grade 4+, 5+ and 7+.
- To ensure all students at Hillcrest have access to a range of independent careers advice and guidance.
- To ensure all students at Hillcrest know how to keep themselves safe, both physically, emotionally and online.
- To ensure all students develop their spiritual, moral, social and cultural understanding through personal and social education.

b. Objectives, strategies and activities

Quality of Education priorities:

- That the curriculum at Hillcrest has a rigorous academic focus designed to enable all students to enjoy and achieve.
- That we provide all students with the knowledge, skills and relevant qualifications to enable them to successfully access the next stage of their education and achieve social mobility.
- That as many students as possible access the English Baccalaureate set of subjects in KS4.
- That the early identification of student's specific needs, allows us to provide suitable intervention and evaluate its impact.

Teaching, Learning and Assessment priorities:

Make sure that teaching consistently challenges and motivates all students by:

- Ensuring that assessment is used as a responsive teaching tool, including for remote learning.
- Questioning strategies which are evidenced-based allow for teachers to effectively check for understanding.
- Explicit teaching of metacognitive strategies to support student's academic development.
- To continue to draw upon the work of cognitive science to support effective teaching.

Personal Development, Behaviour and Attitudes priorities:

To ensure at all key stages' students are well prepared to fully engage in an ever-changing world, to understand and respect fundamental British values and make informed decisions. This is achieved through our strong core curriculum, wider learning opportunities, careers education and spiritual, moral, social, cultural, mental, personal and physical development programmes.

c. Public benefit

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

Hillcrest School and Sixth Form Centre was legally formed on midnight of the 1st September 2011. This Annual Report covers the Academy's tenth period of operation.

There were 521 students on roll in year 7 to 11 and 51 students in the Sixth Form, on 31st August 2021.

The Academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development using evidence-based research approaches, lesson observations, performance management, learning walks, self evaluation, data analysis and action planning.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

Tables 1 and 2 below provide a summary of the Academy's performance in the summer 2021 examination season:

Table 1. Summary of GCSE examination results

GCSE	2020/21 Target	2020/21 Results
Progress 8 score	>0	1.19 (Sisra)
Attainment 8 score	>45	57
Grade 4+ GCSE in Maths and English	60%	73%
Grade 5+ GCSE in Maths and English	40%	54%
Ebacc at grade 4+	34%	56%
Ebacc at grade 5+	20%	41%

GCSE targets are based on student's prior attainment at Key Stage 2 using FFT target setting. GCSE and Level 2 BTEC results in 2021 were calculated by examination boards using Teacher Assessed Grades (TAG) based on a range of school-based assessments undertaken in Summer 2021 which followed all Ofqual and JCQ guidelines outlined in our Centre Policy. TAG evidence and grades were moderated internally and within the Oaks Collegiate and quality assured by the examination boards

Table 2. Summary of A Level examination results

A Level and BTEC L3	2020/21 Target	2020/21 Results
Pass rate	100%	100%
A*-B grades	35%	78%
A*-C grades	75%	100%

A level targets are based on student's prior attainment at Key Stage 4 using LPUK target setting. A level and Level 3 BTEC results in 2021 were calculated by examination boards using Teacher Assessed Grades (TAG) based on a range of school-based assessments undertaken in Summer 2021 which followed all Ofqual and JCQ guidelines outlined in our Centre Policy. TAG evidence and grades were moderated internally and within the Oaks Collegiate and quality assured by the examination boards . TAG were in line with staff expected grades (Summer 2021).

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

2021-22 Targets

GCSE	2020/21 Target
Progress 8 score	>0
Attainment 8 score	>45
Grade 4+ GCSE in Maths and English	60%
Grade 5+ GCSE in Maths and English	37%
Ebacc at grade 4+	34%
Ebacc at grade 5+	27%

A Level and BTEC L3	2020/21 Target
Pass rate	100%
A*-B grades	35%
A*-C grades	75%

Financial review

a. Review of activities

The Academy received income into its Unrestricted Fund, Restricted General Funds and Restricted Fixed Asset Fund during 2020/21:

Restricted General Fund

The majority of the Academy's income was received through Education and Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Academy's charitable activities, its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £4,309,180, expenditure against the fund was £4,597,727, giving an in year deficit of £288,547 before transfers and losses.

Unrestricted Funds

Income received into the Unrestricted Fund was £96,804. Expenditure against the fund was £4,785 for the year, giving an in year carry forward of £92,019 before transfers.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Academy's depreciation policy.

Income received into the fund was £566,829.

The SOFA details a £6,876,496 Restricted Fixed Asset Fund year end surplus after transfers between funds. This is detailed in note 16 to the accounts.

Summary of Financial Performance

Total fund balance as at 31st August 2021 was £4,305,539 comprised of £416,751, £49,292 and £6,876,496 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £3,037,000.

Balance Sheet

The Academy's assets were predominantly used for providing education to school students. Some assets were used by the local community, predominantly for sports, as part of the school's sports focus and strategic aims to promote health, pathways into the community and work, and community cohesion.

The net book value of the Academy's tangible fixed assets was £6,266,522 as at 31st August 2021. The movement in this account is detailed in note 13.

Cash in hand at 31st August 2021 was £432,036.

b. Reserves policy

The Board of Governors reviews the Academy's Reserve Policy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors will keep the level of reserves under review.

The Governing Body has determined that the appropriate level of free reserves should be equivalent to 6 weeks expenditure, which equates to approximately £450,000. This is based on sufficient working capital to cover delays between spending and receipt of grants and to provide a contingency to deal with unexpected emergencies/maintenance.

The Academy's free reserves as at 31st August 2021 were £416,751. The Academy intends to continue building free reserves in the future by generating more income from increased pupil numbers, making in year savings and reducing expenditure wherever possible.

c. Investment policy

Investment vehicles are approved by the Board of Governors with the support of expert advice as necessary. The Academy has invested the closing balance from the predecessor school in a Corporate Guaranteed Investment Account. This is a low risk short term deposit. The objective of this account is to hold the Academy's reserve at low risk.

The Academy does not have any endowment funds.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

d. Principal risks and uncertainties

The Board of Governors has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

The Governors consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

e. Impact of COVID-19 on the Academy Trust

The Academy considers the consequences of any strategic decision in the long term as part of their assessment, we aim to ensure that as an organisation we balance our income and expenditure to ensure that our organisation remains sustainable in the long term. This is balanced against the needs of our students, staff, external suppliers and services, to ensure we are spending the funding we receive from the government in the most effective way to support our aims.

COVID-19 has impacted on the Academy and we have responded by implementing a range of risk assessments and control measures to ensure the Trustees have acted in accordance with their duties.

- The Academy remained open during school closure to provide support to key workers where other childcare options were not available.
- First priority and intention are to keep our school building safe and open unless the government implements a national lockdown including full school closures.
- Enhanced cleaning schedules, deep cleans and daily touch point cleaning.
- The school have and will continue to implement any required covid procedures following advice from the Government, Public Health Authority and the Local Authority.
- Regular communication of reminders of washing hands and maintaining distance.

Engagement with employees

The Academy during the school closure period ensured that employees were provided with information on matters of concern to them: -

- Regular communication during remote working due to school closure with direct support from line manager and SLT.
- Regular briefings and email communications keeping staff up to date and informed
- Wellbeing – information provided on how to access a range of services to support staff including introducing an Employee Assistance Programme with access to a 24 hour telephone service and counselling sessions on work and personal matters.
- Ensuring staff have access to technology and resources whilst remote working.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Financial and operational effects of the virus

The Academy was able to ensure they continued to maintain a robust system of internal controls, implementing new systems and checks to ensure the school financial obligations were met whilst working remotely.

- The finance team continued to process payments to suppliers whilst ensuring strict approval processes were in place.
- The Academy during 2020/2021 ensured payment in line with pre-existing contracts during lockdown.
- We achieved best value whilst still following the guidance to pay essential suppliers to keep them afloat.
- The Academy ensured it was audit ready and the full end of year audit was undertaken by the external auditors via a combination of remote and onsite audit (with a secure document sharing system in place – inflow)
- The Academy was not able to continue with lettings which resulted in a loss of self-generated income during 2020/2021
- The Academy continued to pay cleaning contract staff and surplus hours used for deep cleans, to sterilise classrooms and additional areas of touch points.
- Partial exam fees refunds were received during 2020/2021 for 2021 examinations.

Free school meals

The Academy acted as a facilitator for the distribution of the national free school meal vouchers scheme ensuring vouchers were received by all students eligible for free school meals during the school closure period due to COVID-19

Plans for future periods

Hillcrest School and Sixth Form Centre strives to continually improve levels of achievement for all students, equipping them with the qualifications and skills to move on to the next stage of their educational journey.

The curriculum, the quality of teaching and learning, support, guidance and interventions are consistently reviewed to help every child achieve their full academic and social potential. Hillcrest School and Sixth Form Centre aims to maintain its reputation as a happy and cohesive community where every individual is supported and valued.

Going concern

After consideration of the school's financial position, its financial plans, (including projected student numbers), the demand for places and the broader environment, the Board of Governors has a reasonable expectation that the Academy has and will continue to have adequate resources to enable it to be a sustainable going concern in 2021/2022 and for the foreseeable future. The Academy will continue to ensure best value of all contracts/supplies, make in year savings where possible and regularly review staffing expenditure. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

Funds held as custodian on behalf of others

The academy acts as an agent in distributing 16 - 19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Fundraising

The academy had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Disclosure of information to auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Auditor

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2021 and signed on its behalf by:


Dee McMurray
Chair of Trustees


Julie Ann Davies
Accounting Officer

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

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The board of Governors has delegated the day-to-day responsibility to the Head teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hillcrest School and Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Governors has formally met 6 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Trustee	Meetings attended	Out of a possible
Julie Ann Davies	6	6
Dee McMurray, Chair of Governors	6	6
Lewis Palin, Vice Chair of Governors	5	6
Paul Earley	3	6
Isaac Otomewo	0	6
Louise Macarthur-Clare	4	6
Oliver Drain	5	6
Roy Priest	6	6
Ahmed Elderiny	4	6
Donovan James	5	6
Rula Kanona	6	6

Governor's review annually their priorities for the next 3 years. Current priorities include:

- Maintaining the quality of education intent, implementation and impact to ensure all students make consistently strong progress in all subjects.
- Ensuring any gaps in learning or additional needs that resulted from the impact of COVID 19 are addressed in class and via recovery activities and support.
- Ensuring all students at Hillcrest have access to a range of independent careers advice and guidance. Ensure all students at Hillcrest know how to keep themselves safe, both physically, emotionally and online.
- Ensure all students develop their spiritual, moral, social and cultural understanding through personal and social education.
- Managing recruitment, staff professional development and retention in a time of falling budgets
- Bidding for funds to continue to update the teaching and learning facilities.
- Maintaining and strengthen the Oaks Colligate Partnership of schools.

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

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance and General Purposes Committee is a sub-committee of the main board of Governors. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances, resources and premises.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Julie Ann Davies	6	6
Paul Earley	3	6
Isaac Otomewo	0	6
Oliver Drain	6	6
Lewis Palin	5	6

Review of value for money

As accounting officer, the Head teacher has responsibility for ensuring that the Charitable Company delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Charitable Company's use of its resources has provided good value for money during each academic year, and reports to the board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Charitable Company has delivered improved value for money during the year by:

- improving educational results;
- collaboration - the Academy continues to work in partnership with other schools in the Oaks Collegiate, including shared provision at post 16;
- financial governance and oversight, including regular meeting of the Finance and Operations Committee and review of budget monitoring reports;
- taking a prudent approach to expenditure and ensuring staffing structures are fit for purpose through an annual review;
- regularly undertaking tender exercises of all supplies and services to ensure they remain competitive;
- generating income through hire of sports and business facilities at every opportunity;
- reviewing controls and managing risks; and
- budget holders, managers and governors regularly scrutinising budget reports to ensure the most effective use of resources.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Charitable Company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hillcrest School and Sixth Form Centre for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

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

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Governors has reviewed the key risks to which the Charitable Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Charitable Company's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Governors
- regular reviews by the Finance and 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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Crowe U.K. LLP, the external auditor, to perform additional checks.

On an annual basis, the reviewer reports to the board of Governors through the audit and risk committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

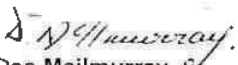
Review of effectiveness

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

- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Charitable Company who have responsibility for the development and maintenance of the internal control framework.

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

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


Dee McIlmurray
Chair of Trustees
Date: 7 December 2021


Julie Ann Davies
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hillcrest School and Sixth Form Centre I have considered my responsibility to notify the Charitable Company board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Charitable Company, under the funding agreement in place between the Charitable Company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Charitable Company board of Trustees are able to identify any material irregular or improper use of all funds by the Charitable Company, or material non-compliance with the terms and conditions of funding under the Charitable Company's funding agreement and the Academies Financial Handbook 2020.

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.



Julie Ann Davies
Accounting Officer

Date: 7 December 2021

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors (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 Governors to prepare financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

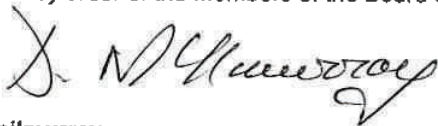
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

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



Dee McMurray
Chair of Trustees

Date: 7 December 2021

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

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

Opinion

We have audited the financial statements of Hillcrest School and Sixth Form Centre (the 'charitable company') for the year ended 31 August 2021 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 2020 to 2021 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 Charitable Company's affairs as at 31 August 2021 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 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company 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 Charitable Company'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 SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Charitable Company'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 Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context were General Data Protection Regulation, health and safety legislation and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquire of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the ESFA, and reading minutes of meetings of those charged with governance.

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Auditor's report.

Use of our report

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



Dave Darlaston (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 13 December 2021

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST
SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillcrest School and Sixth Form Centre during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hillcrest School and Sixth Form Centre and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hillcrest School and Sixth Form Centre and 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 School and Sixth Form Centre and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hillcrest School and Sixth Form Centre's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hillcrest School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated 1 September 2012 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Charitable Company's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILLCREST
SCHOOL AND SIXTH FORM CENTRE 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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP

Crowe U.K. LLP

Reporting Accountant

Date: *13 December 2021*

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

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	-	23,100	566,829	589,929	453,199
Other trading activities	4	44,468	-	-	44,468	73,480
Investments	5	81	-	-	81	1,057
Charitable activities	6	52,255	4,286,080	-	4,338,335	3,910,742
Total income		96,804	4,309,180	566,829	4,972,813	4,438,478
Expenditure on:						
Raising funds		-	-	-	-	11,623
Charitable activities	7	4,785	4,597,727	331,776	4,934,288	4,375,764
Total expenditure		4,785	4,597,727	331,776	4,934,288	4,387,387
Net income/(expenditure)		92,019	(288,547)	235,053	38,525	51,091
Transfers between funds	17	(149,162)	179,839	(30,677)	-	-
Net movement in funds before other recognised gains/(losses)		(57,143)	(108,708)	204,376	38,525	51,091
Actuarial losses on defined benefit pension schemes	24	-	(265,000)	-	(265,000)	(402,000)
Net movement in funds		(57,143)	(373,708)	204,376	(226,475)	(350,909)
Reconciliation of funds:						
Total funds brought forward		473,894	(2,614,000)	6,672,120	4,532,014	4,882,923
Net movement in funds		(57,143)	(373,708)	204,376	(226,475)	(350,909)
Total funds carried forward		416,751	(2,987,708)	6,876,496	4,305,539	4,532,014

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

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

BALANCE SHEET
AS AT 31 AUGUST 2021

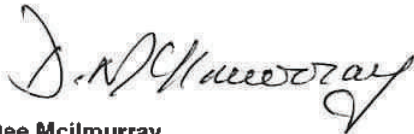
	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	6,266,522	5,861,418
Current assets			
Debtors	14	897,910	647,386
Cash at bank and in hand		432,036	910,856
		<u>1,329,946</u>	<u>1,558,242</u>
Creditors: amounts falling due within one year	15	(228,540)	(231,070)
Net current assets		<u>1,101,406</u>	<u>1,327,172</u>
Total assets less current liabilities		<u>7,367,928</u>	<u>7,188,590</u>
Creditors: amounts falling due after more than one year	16	(25,389)	(42,576)
Net assets excluding pension liability		<u>7,342,539</u>	<u>7,146,014</u>
Defined benefit pension scheme liability	24	(3,037,000)	(2,614,000)
Total net assets		<u><u>4,305,539</u></u>	<u><u>4,532,014</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Funds of the Charitable Company			
Restricted funds:			
Fixed asset funds	17	6,876,496	6,672,120
Restricted income funds	17	49,292	-
Pension reserve	17	(3,037,000)	(2,614,000)
Total restricted funds	17	3,888,788	4,058,120
Unrestricted income funds	17	416,751	473,894
Total funds		4,305,539	4,532,014

The financial statements on pages 25 to 54 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Dee McMurray
Chair of Trustees
Date: 7 December 2021



Julie Ann Davies
Accounting Officer

The notes on pages 29 to 54 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(294,787)	26,623
Cash flows from investing activities	20	(184,033)	192,548
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(478,820)	219,171
Cash and cash equivalents at the beginning of the year		910,856	691,685
Cash and cash equivalents at the end of the year	21, 22	<hr/> 432,036 <hr/>	<hr/> 910,856 <hr/>

The notes on pages 29 to 54 form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Company status

The Charitable Company is a company limited by guarantee. The Charitable Company is incorporated in England & Wales, registered number 07744525. The registered office is Stonehouse Lane, Bartley Green, Birmingham, B32 3AE. The Members of the company are the Governors named on page 1. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charitable Company.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Donated fixed assets (excluding transfers on conversion or into the Charitable Company)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Charitable Company's accounting policies.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.5 Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Charitable Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Taxation

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

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

1.7 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 basis over its expected useful life, as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long Term Leasehold Property	- 50 years straight line
Furniture and Equipment	- 7 years straight line
Computer Equipment	- 3 years straight line
Motor vehicles	- 5 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.8 Operating leases

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

1.9 Financial instruments

The Charitable Company only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Charitable Company 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.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.10 Pensions

Retirement benefits to employees of the Charitable Company 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 Charitable Company 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 Charitable Company 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.

1.11 Fund accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.12 Liabilities and provisions

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

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

1.13 Agency arrangements

The academy acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Income from donations and capital grants

	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Donated assets	23,100	-	23,100
Capital grants	-	566,829	566,829
	23,100	566,829	589,929
		<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Capital grants		453,199	453,199
		453,199	453,199

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Income from other trading activities

	Unrestricted funds	Total funds
	2021	2021
	£	£
Hire of facilities	216	216
Other income	44,252	44,252
	44,468	44,468
	44,468	44,468
	<i>Unrestricted funds</i>	<i>Total funds</i>
	<i>2020</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Hire of facilities	11,623	11,623
Other income	61,857	61,857
	73,480	73,480
	73,480	73,480

5. Investment income

	Unrestricted funds	Total funds
	2021	2021
	£	£
Investment income	81	81
	81	81
	81	81
	<i>Unrestricted funds</i>	<i>Total funds</i>
	<i>2020</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Investment income	1,057	1,057
	1,057	1,057
	1,057	1,057

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

6. Funding for the Academy's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
DfE/ESFA grants			
General annual grant (GAG)	-	3,704,768	3,704,768
Other DfE/ESFA grants			
Pupil Premium	-	284,232	284,232
Others	-	228,100	228,100
	-	4,217,100	4,217,100
Other income from the academy trust's educational operations	52,255	-	52,255
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	-	41,320	41,320
Other DfE/ESFA COVID-19 Funding	-	27,660	27,660
	-	68,980	68,980
	52,255	4,286,080	4,338,335

The academy received amounts of £41,320 (2020: £Nil) in regards to a COVID-19 Catch-up premium and £27,660 (2020: £Nil) for a Mass-Testing grant.

There is £8,290 remaining of the Mass-Testing grant to be spent in 2021/22.

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General annual grant (GAG)	-	3,393,379	3,393,379
Other DfE/ESFA grants			
Pupil Premium	-	265,887	265,887
Others	-	192,837	192,837
	-	3,852,103	3,852,103
Other income from the academy trust's educational operations	58,639	-	58,639
	58,639	3,852,103	3,910,742

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

6. Funding for the Academy's educational operations (continued)

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the charitable company's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	-	-
Funding for educational operations:				
Direct costs	2,643,769	-	162,334	2,806,103
Allocated support costs	1,081,208	331,776	715,201	2,128,185
	<u>3,724,977</u>	<u>331,776</u>	<u>877,535</u>	<u>4,934,288</u>
	<u>3,724,977</u>	<u>331,776</u>	<u>877,535</u>	<u>4,934,288</u>
	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	11,623	11,623
Funding for educational operations:				
Direct costs	2,429,039	-	91,958	2,520,997
Allocated support costs	1,020,442	323,311	511,014	1,854,767
	<u>3,449,481</u>	<u>323,311</u>	<u>614,595</u>	<u>4,387,387</u>
	<u>3,449,481</u>	<u>323,311</u>	<u>614,595</u>	<u>4,387,387</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Analysis of support costs

	2021	2020
	£	£
Staff costs	1,081,208	1,020,442
Depreciation	331,776	323,311
Premises costs	347,457	234,276
Technology costs	92,654	90,559
Other support costs	254,480	169,499
Governance costs	20,610	16,680
	<u>2,128,185</u>	<u>1,854,767</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021	2020
	£	£
Operating lease rentals	6,456	5,009
Depreciation of tangible fixed assets	331,776	323,311
Fees paid to auditor for:		
- audit	11,400	11,200
- other services	3,825	3,735
	<u>342,457</u>	<u>343,255</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	2,586,932	2,420,618
Social security costs	263,314	240,553
Pension costs	774,757	701,706
	<u>3,625,003</u>	<u>3,362,877</u>
Agency staff costs	99,974	86,604
	<u>3,724,977</u>	<u>3,449,481</u>

b. Staff numbers

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

	2021	2020
	No.	No.
Teachers	47	50
Administration and support	29	26
Management	5	5
	<u>81</u>	<u>81</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff (continued)

c. Higher paid staff

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

	2021	2020
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	2	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	2	3

d. Key management personnel

The key management personnel of the Charitable Company comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Charitable Company was £482,828 (2020 £461,002).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Charitable Company. 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:

		2021	2020
		£	£
Julie Ann Davies	Remuneration	90,000 -	85,000 -
		95,000	90,000
	Pension contributions paid	20,000 -	20,000 -
		25,000	25,000

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

12. Trustees' and Officers' insurance

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Assets under construction £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2020	5,436,403	1,571,929	138,314	277,916	-	7,424,562
Additions	-	37,879	4,353	687,648	7,000	736,880
Transfers between classes	965,564	-	-	(965,564)	-	-
At 31 August 2021	<u>6,401,967</u>	<u>1,609,808</u>	<u>142,667</u>	<u>-</u>	<u>7,000</u>	<u>8,161,442</u>
Depreciation						
At 1 September 2020	853,942	594,496	114,706	-	-	1,563,144
Charge for the year	108,728	209,180	12,701	-	1,167	331,776
At 31 August 2021	<u>962,670</u>	<u>803,676</u>	<u>127,407</u>	<u>-</u>	<u>1,167</u>	<u>1,894,920</u>
Net book value						
At 31 August 2021	<u>5,439,297</u>	<u>806,132</u>	<u>15,260</u>	<u>-</u>	<u>5,833</u>	<u>6,266,522</u>
At 31 August 2020	<u>4,582,461</u>	<u>977,433</u>	<u>23,608</u>	<u>277,916</u>	<u>-</u>	<u>5,861,418</u>

14. Debtors

	2021 £	2020 £
Due within one year		
Other debtors	68,666	8,621
Prepayments and accrued income	829,244	638,765
	<u>897,910</u>	<u>647,386</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15. Creditors: Amounts falling due within one year

	2021	2020
	£	£
ESFA CIF loan	17,187	17,187
Trade creditors	8,866	31,578
Other taxation and social security	65,872	58,128
Other creditors	105,298	100,634
Accruals and deferred income	31,317	23,543
	228,540	231,070
	228,540	231,070
	2021	2020
	£	£
Deferred income at 1 September 2020	-	-
Resources deferred during the year	15,816	-
Deferred income at 31 August 2021	15,816	-
	15,816	-

At the balance sheet date the academy trust was holding funds of £7,526 for rates relief in advance of the period to March 2022, and £8,290 of income received unspent for Mass-testing in September 2021.

16. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
ESFA CIF loan	25,389	42,576
	25,389	42,576
	25,389	42,576

A loan of £76,950 from the ESFA, was provided in 2019 on the following terms: 2.01% Interest rate, payable over 5 years via monthly repayments.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Unrestricted funds	473,894	96,804	(4,785)	(149,162)	-	416,751
Restricted general funds						
General Annual Grant (GAG)	-	3,704,768	(3,704,768)	-	-	-
Pupil Premium	-	284,232	(284,232)	-	-	-
Catchup premium	-	41,320	(7,844)	-	-	33,476
Other DfE/ESFA COVID-19 funding	-	27,660	(19,370)	-	-	8,290
Other government grants	-	251,200	(423,513)	179,839	-	7,526
Pension reserve	(2,614,000)	-	(158,000)	-	(265,000)	(3,037,000)
	<u>(2,614,000)</u>	<u>4,309,180</u>	<u>(4,597,727)</u>	<u>179,839</u>	<u>(265,000)</u>	<u>(2,987,708)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds-general funds	5,861,418	14,063	(331,776)	722,817	-	6,266,522
Capital grants	810,702	552,766	-	(753,494)	-	609,974
	<u>6,672,120</u>	<u>566,829</u>	<u>(331,776)</u>	<u>(30,677)</u>	<u>-</u>	<u>6,876,496</u>
Total Restricted funds	<u>4,058,120</u>	<u>4,876,009</u>	<u>(4,929,503)</u>	<u>149,162</u>	<u>(265,000)</u>	<u>3,888,788</u>
Total funds	<u>4,532,014</u>	<u>4,972,813</u>	<u>(4,934,288)</u>	<u>-</u>	<u>(265,000)</u>	<u>4,305,539</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Statement of funds (continued)

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

The restricted income funds are subject to specific expenditure within the Charitable Company's declared objects. Transfers to or from the restricted fixed asset fund represent purchases from the GAG and capital grants used to meet repairs and maintenance costs. Other gains and losses relate to the actuarial loss for the year on the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State, the Charitable Company was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Statement of funds (continued)

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

	<i>Balance at 1 September 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2020</i>
	£	£	£	£	£	£
Unrestricted funds						
Unrestricted funds	401,158	133,176	(23,674)	(36,766)	-	473,894
Restricted general funds						
General Annual Grant (GAG)	94,292	3,393,379	(3,428,678)	(58,993)	-	-
Pupil Premium	-	265,887	(265,887)	-	-	-
Other government grants	-	192,837	(192,837)	-	-	-
Pension reserve	(2,059,000)	-	(153,000)	-	(402,000)	(2,614,000)
	<u>(1,964,708)</u>	<u>3,852,103</u>	<u>(4,040,402)</u>	<u>(58,993)</u>	<u>(402,000)</u>	<u>(2,614,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds-general funds	5,923,021	13,196	(323,311)	248,512	-	5,861,418
Capital grants	523,452	440,003	-	(152,753)	-	810,702
	<u>6,446,473</u>	<u>453,199</u>	<u>(323,311)</u>	<u>95,759</u>	<u>-</u>	<u>6,672,120</u>
Total Restricted funds	<u>4,481,765</u>	<u>4,305,302</u>	<u>(4,363,713)</u>	<u>36,766</u>	<u>(402,000)</u>	<u>4,058,120</u>
Total funds	<u>4,882,923</u>	<u>4,438,478</u>	<u>(4,387,387)</u>	<u>-</u>	<u>(402,000)</u>	<u>4,532,014</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	6,266,522	6,266,522
Current assets	416,751	303,221	609,974	1,329,946
Creditors due within one year	-	(228,540)	-	(228,540)
Creditors due in more than one year	-	(25,389)	-	(25,389)
Provisions for liabilities and charges	-	(3,037,000)	-	(3,037,000)
Total	416,751	(2,987,708)	6,876,496	4,305,539

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	5,861,418	5,861,418
Current assets	473,894	273,646	810,702	1,558,242
Creditors due within one year	-	(231,070)	-	(231,070)
Creditors due in more than one year	-	(42,576)	-	(42,576)
Provisions for liabilities and charges	-	(2,614,000)	-	(2,614,000)
Total	473,894	(2,614,000)	6,672,120	4,532,014

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per Statement of financial activities)	38,525	51,091
Adjustments for:		
Depreciation charges	331,776	323,311
Interest from investments	(81)	(1,057)
(Increase)/decrease in debtors	(250,524)	(70,294)
Increase in creditors	(19,717)	23,771
Capital grants from DfE and other capital income	(552,766)	(453,199)
Defined benefit pension scheme cost less contributions payable	118,000	116,000
Defined benefit pension scheme finance cost	40,000	37,000
Net cash (used in)/provided by operating activities	(294,787)	26,623

20. Cash flows from investing activities

	2021 £	2020 £
Interest from investments	81	1,057
Purchase of tangible fixed assets	(736,880)	(261,708)
Capital grants from DfE Group	552,766	453,199
Net cash (used in)/provided by investing activities	(184,033)	192,548

21. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	432,036	910,856
Total cash and cash equivalents	432,036	910,856

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	910,856	(478,820)	432,036
Debt due within 1 year	(17,187)	-	(17,187)
Debt due after 1 year	(42,576)	17,187	(25,389)
	<u>851,093</u>	<u>(461,633)</u>	<u>389,460</u>

23. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements		
Acquisition of tangible assets	<u>609,974</u>	<u>785,259</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments

The Charitable Company'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 West Midlands Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £66,433 were payable to the schemes at 31 August 2021 (2020 - £62,188) 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 specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £449,583 (2020 - £409,236).

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 Charitable Company has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Charitable Company 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 2021 was £236,000 (2020 - £154,000), of which employer's contributions totalled £197,000 (2020 - £120,000) and employees' contributions totalled £ 39,000 (2020 - £34,000). The agreed contribution rates for future years are 20.8 per cent for employers and 5.8-6.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Charitable Company, 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 Charitable Company 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.

Principal actuarial assumptions

West Midlands Pension Fund

	2021	2020
	%	%
Rate of increase in salaries	3.9	3.25
Rate of increase for pensions in payment/inflation	2.9	2.25
Discount rate for scheme liabilities	1.65	1.60
Inflation assumption (CPI)	2.9	2.25

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

	2021 Years	2020 Years
<i>Retiring today</i>		
Males	21.6	21.9
Females	24.0	24.1
<i>Retiring in 20 years</i>		
Males	23.4	23.8
Females	25.8	26.0

Sensitivity analysis

West Midlands Pension Fund

	2021 £000	2020 £000
Discount rate +0.1%	6,084	5,011
Discount rate -0.1%	6,397	5,269
Mortality assumption - 1 year increase	6,509	5,342
Mortality assumption - 1 year decrease	5,979	4,942

Share of scheme assets

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

	2021 £'000	2020 £'000
Equities	1,949	1,418
Gifts	265	274
Corporate bonds	196	98
Property	225	190
Cash and other liquid assets	118	167
Other	448	377
Total market value of assets	3,201	2,524

The actual return on scheme assets was £465,000 (2020 - £222,000).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

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

	2021 £	2020 £
Current service cost	375,000	235,000
Net interest on the defined liability	49,000	37,000
Administrative expenses	-	1,000
Total amount recognised in the Statement of Financial Activities	424,000	273,000

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

	2021 £	2020 £
At 1 September	5,138,000	4,319,000
Current service cost	315,000	235,000
Interest cost	82,000	80,000
Employee contributions	39,000	34,000
Actuarial losses	688,000	496,000
Benefits paid	(24,000)	(26,000)
At 31 August	6,238,000	5,138,000

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

	2021 £	2020 £
At 1 September	2,524,000	2,260,000
Interest on assets	42,000	43,000
Actuarial gains	423,000	94,000
Employer contributions	197,000	120,000
Employee contributions	39,000	34,000
Benefits paid	(24,000)	(26,000)
Admin expenses	-	(1,000)
At 31 August	3,201,000	2,524,000

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25. Operating lease commitments

At 31 August 2021 the Charitable Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	4,120	6,456
Later than 1 year and not later than 5 years	1,730	5,837
	<u>5,850</u>	<u>12,293</u>

26. Members' liability

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

27. Related party transactions

Owing to the nature of the Charitable Company and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Charitable Company's financial regulations and normal procurement procedures relating to connected and related party transactions.

28. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2021 the trust received £10,313 (2020: £8,250) and disbursed £10,680 (2020: £14,203) from the fund. An amount of £552 (2020: £919) is included in other creditors relating to undistributed funds.