
HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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HILLYFIELD PRIMARY ACADEMY
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members	Roger pryce Robert Markham Andrew Jacobs
Trustees	Roger Pryce, Chair ¹ Robert Markham, Vice Chair (resigned 14 November 2016) Andrew Jacobs ¹ Steve Lancashire, Executive Head (resigned 22 July 2016) Rohan Robinson Richard Thomas Becky Mackenzie-Young Ernestine Payne (resigned 19 November 2015) David Gribble Anna Mackenzie Matt O'Dowda (resigned 31 August 2015) Sally Carpenter (resigned 1 May 2016) Anna Payne (resigned 31 August 2015) Fatima Ba-Alawi Lisa Bradley Rebecca Lyons Tiffany Lockett (resigned 1 May 2016) Tim Bowden (appointed 1 September 2015) Pauline Casbolt (appointed 1 September 2015)
	¹ Director of the Charitable Company
Company registered number	07470621
Company name	Hillyfield Primary Academy
Registered office	101 Higham Hill Road Walthamstow London E17 6ED
Principal operating office	101 Higham Hill Road Walthamstow London E17 6ED
Company secretary	Heike King
Chief executive officer	Steve Lancashire
Senior management team	A Mackenzie, Head Teacher T Bowden, Head of School P Casbolt, Head of School

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
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Advisers (continued)

Independent auditors Landau Baker Limited
Chartered Accountants
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers Royal Bank of Scotland
747 Attercliffe Road
Sheffield
S9 3RF

**Director of Finance and
Administration** Heike King

Clerk to Governors Victoria Mitchell

HILLYFIELD PRIMARY ACADEMY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of Hillyfield Primary Academy are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Hillyfield Primary Academy.

Details of the Trustees who served during the year 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. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- The Head Teacher
- Up to 4 parent governors, appointed by the members
- Up to 5 community governors, appointed by the members
- Up to 3 staff governors appointed by the members, provided that the maximum number of staff governors does not exceed one third of the total number of governors
- Any governors appointed by the Secretary of State for Education

The term of office for any governor is 4 years. The Head Teacher's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

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

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the period under review, the Governors held 6 full governing body meetings. In addition there were regular meetings covering finance, curriculum, premises and personnel. The training and induction provided for new governors will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

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

e. ORGANISATIONAL STRUCTURE

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head Teacher is directly responsible for the day to day running of the academy and is assisted by a senior leadership team.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The Head Teacher assumes the accounting officer role.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The academy is the founding member of the REAch2 Academy Trust which is a separate Trust where Hillyfield Academy is the only member. The Trust undertakes educational support activities.

g. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every trustee or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the academy is the operation of Hillyfield Primary Academy to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the academy that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN.

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

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The academy has undertaken self evaluation activities to correctly identify objectives for the next year. These objectives are:

- o To develop more effective relationships between all stakeholders to positively impact on the ethos of the academy and behaviour of pupils within the academy.
- o The academy seeks to develop its approach to creativity & engagement so that this positively impacts on the quality of teaching and learning in the school.
- o The academy will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.
- o Achieve consistently high standards of teaching and learning.
- o Provide local leadership capacity and support.
- o Develop cost effective curriculum design and collaboration which optimises opportunities for pupils and students and provides added value progress for them.
- o Achieve best value in service delivery especially where partnership working can add value. The Academy's main strategy is encompassed in the Academy's Aims, which are to develop students who are:
 - o Active Citizens
 - o Prepared for their future
 - o Happy, healthy and safe
 - o Caring individuals
 - o Responsible learners

The Academy's vision is to build an ethos of:

- o Brilliance in every child, Excellence every day.
- o For any child to realise their inner potential they need an environment and adult role models that support their love and enjoyment of learning.
- o Every child has an absolute right to an equal opportunity to flourish in the academy.
- o Our pupils will develop the skills, knowledge and attitudes to realise their own dreams through a positive contribution to their community and wider society.
- o Self-realisation and positive contribution stem from a confidence and strength in one's own identity that allows us to embrace and respect the identity of other individuals and groups in our community and wider society.
- o The long-term well-being of our pupils is dependent on a sustainable economy, society and environment. We need to teach our children to be able to contribute to achieving that sustainability as adults.
- o It is the responsibility of all of the adult staff in HILLYFIELD academy to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning.

The main activities for achieving objectives the academy will undertake will be:

- o Developing a new teaching and learning policy and implementing this effectively.
- o The academy will review and develop its curriculum provision to enhance creativity and engagement.
- o The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.
- o Active Citizens
- o Participate in a range of community activities.
- o Have opportunities for leadership in all Key Stages of their time at the school.
- o Create cultural social and economic links with the local and wider communities.
- o Understand the importance of and contribute to student voice activities.
- o Demonstrate local, national and global social awareness.
- o Demonstrate environmental awareness in school and wider communities.
- o Understand democracy and the importance of voting.
- o Understand that in any society there are limits to individual freedom for the wellbeing of the society as a whole.
- o Prepared for their future
- o Develop the ability to adapt to change.
- o Develop a broad range of transferable skills.
- o Develop a broad knowledge of the world of work

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

- o Have real experience of the next Key Stage before making their choices of subjects to study.
- o Have a broad knowledge of post school options to make informed choices.
- o Develop life skills and academic and personal independence.
- o Understand the economic realities of their and others lives and ways to manage financial responsibilities.
- o Happy, Healthy and Safe
- o Understand the importance of healthy eating for physical and mental wellbeing.
- o Understanding the importance of exercise for physical and mental wellbeing.
- o Act on awareness of healthy lifestyle choices.
- o Take advantage of and enjoy a range of extra-curricular activities.
- o Develop a knowledge of health issues, including sexual, mental and drug related, to enable informed decisions and choices.
- o Safely enjoy new technologies, experiences and environments.
- o Caring Individuals
- o Respect everyone and welcome differences.
- o Be aware of the consequences of our actions, however small, for ourselves and others.
- o Provide social and academic support for all members of our community.
- o Learn to be good listeners and communicators.
- o Respect other's opinions and beliefs.
- o Respect oneself.
- o Responsible Learners
- o Recognise that making mistakes is a key part of successful learning and develop perseverance.
- o Enjoy and cultivate a positive approach to, and accept responsibility for their learning.
- o Be able to and enjoy applying knowledge & understanding to a wide range of situations.
- o Work successfully in teams and as individuals.
- o Supported to take responsibility to achieve beyond their potential.
- o Reflect on both achievements and setbacks and learn from their experiences.
- o Think and learn creatively.

c. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Achievements and performance

a. REVIEW OF ACTIVITIES

The activities will be reviewed as part of the academy's annual self evaluation activities as well as commissioned external audits. Results of the evaluation will be reported to parents and governors of the academy.

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

Financial review

a. GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short short term in conjunction with the school development plan and school aims.

The Governors through the Resource Committee and Head Teacher receive financial progress reports throughout the year and compare against budgets submitted to the Education Funding Agency. The Finance Committee also review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the academy.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

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

d. RESERVES POLICY

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review.

Total reserves at the end of the period amounted to £17,049,011. This balance includes unrestricted funds (free reserves) of £534,750, which is considered appropriate for the Academy Trust, and restricted funds of £1,494,635.

Plans for future periods

a. FUTURE DEVELOPMENTS

Hillyfield Primary Academy has undertaken the third phase of its expansion programme. The academy is now seven form entry. This year has seen the expansion of the ASP (Autistic Spectrum Provision). We currently have 14 pupils in the provision and this will expand to 40 pupils in the coming years.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5 January 2017 and signed on the board's behalf by:

Roger Pryce, Chair

HILLYFIELD PRIMARY ACADEMY
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Executive 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 Hillyfield Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Roger Pryce, Chair	5	6
Robert Markham, Vice Chair	6	6
Andrew Jacobs	3	5
Steve Lancashire, Executive Head	5	6
Rohan Robinson	5	6
Richard Thomas	2	4
Becky Mackenzie-Young	3	3
David Gribble	4	6
Anna Mackenzie	2	4
Sally Carpenter	3	4
Fatima Ba-Alawi	4	5
Lisa Bradley	2	4
Rebecca Lyons	6	6
Tiffany Lockett	5	6
Tim Bowden	6	6
Pauline Casbolt	6	6

In order to further increase the effectiveness of the Governing Body, governors will all take part in training delivered by REACh2. In addition, the Governing Body has undertaken a restructure to increase and deepen all governors' knowledge of the school through attendance at all committee meetings. All governors recently carried out a personal skills audit and on the basis of this, new community governors are being appointed to the Governing Body to broaden the skills base. A review of the link governor roles is also underway to ensure that Governors have a thorough understanding of the schools progress towards its school development priorities.

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the finances of the academy and to ensure that resources are used for the purposes intended and that the academy is following the EFA's financial regulations.

No significant issues to note were dealt with during the period.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Robert Markham	5	5
Richard Thomas	5	5
Steve Lancashire	3	4
Roger Pryce	4	5
Tim Bowden	5	5
Pauline Casbolt	5	5
David Gribble	2	5
Rohan Robinson	3	4
Anna Mackenzie	1	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Further developing and expanding staff appraisal so all members of staff are accountable for their performance
- Refining school development planning to ensure that resources more closely match development priorities
- Enhancing the rigour of the financial management policy and scheme of delegation

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hillyfield Primary Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;

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GOVERNANCE STATEMENT (continued)

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Trish Cain, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On an annual basis, the RO reports to the Board of trustees, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

RO reports indicate that controls have operated throughout the period.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive 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 Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust 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 resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on

and signed on their behalf, by:

Roger Pryce, Chair
Chair of Trustees

Steve Lancashire, Accounting Officer
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hillyfield Primary Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

Steve Lancashire
Accounting Officer

Date: 5 January 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who act as governors of Hillyfield Primary Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 5 January 2017 and signed on its behalf by:

Roger Pryce, Chair

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLYFIELD PRIMARY ACADEMY**

We have audited the financial statements of Hillyfield Primary Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HILLYFIELD PRIMARY ACADEMY**

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
5 January 2017

HILLYFIELD PRIMARY ACADEMY
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HILLYFIELD
PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 28 November 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillyfield Primary Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF HILLYFIELD PRIMARY ACADEMY'S ACCOUNTING OFFICER AND
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Hillyfield Primary Academy's funding agreement with the Secretary of State for Education dated 10 January 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.

- adherence to tendering policies.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

5 January 2017

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	3	15,369	-	3,099,705	3,115,074	733,779
Charitable activities	4	-	6,400,751	-	6,400,751	5,788,329
Other trading activities	5	62,656	553,172	-	615,828	616,079
Investments	6	6,790	-	-	6,790	3,580
TOTAL INCOME		84,815	6,953,923	3,099,705	10,138,443	7,141,767
EXPENDITURE ON:						
Raising funds		22,028	-	-	22,028	7,764
Charitable activities		-	6,881,851	442,669	7,324,520	6,321,665
TOTAL EXPENDITURE	9	22,028	6,881,851	442,669	7,346,548	6,329,429
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		62,787	72,072	2,657,036	2,791,895	812,338
Actuarial losses on defined benefit pension schemes	23	-	(1,360,000)	-	(1,360,000)	(39,000)
NET MOVEMENT IN FUNDS		62,787	(1,287,928)	2,657,036	1,431,895	773,338
RECONCILIATION OF FUNDS:						
Total funds brought forward		471,963	619,563	14,525,590	15,617,116	14,843,778
TOTAL FUNDS CARRIED FORWARD		534,750	(668,365)	17,182,626	17,049,011	15,617,116

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07470621

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		16,226,090		14,525,590
CURRENT ASSETS					
Debtors	16	410,288		449,830	
Cash at bank and in hand		3,660,001		2,059,352	
			4,070,289		2,509,182
CREDITORS: amounts falling due within one year	17	(1,084,368)		(721,656)	
NET CURRENT ASSETS			2,985,921		1,787,526
TOTAL ASSETS LESS CURRENT LIABILITIES			19,212,011		16,313,116
Defined benefit pension scheme liability	23		(2,163,000)		(696,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			17,049,011		15,617,116
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	1,494,635		1,315,563	
Restricted fixed asset funds	18	17,182,626		14,525,590	
Restricted income funds excluding pension liability		18,677,261		15,841,153	
Pension reserve		(2,163,000)		(696,000)	
Total restricted income funds			16,514,261		15,145,153
Unrestricted income funds	18		534,750		471,963
TOTAL FUNDS			17,049,011		15,617,116

The financial statements were approved by the Trustees, and authorised for issue, on 5 January 2017 and are signed on their behalf, by:

Roger Pryce, Chair

The notes on pages 22 to 39 form part of these financial statements.

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>921,649</u>	<u>968,423</u>
Cash flows from investing activities:			
Interest received		6,790	3,805
Purchase of tangible fixed assets		(2,143,169)	(810,856)
Capital grants from DfE/EFA		3,099,705	1,218,546
Net cash provided by investing activities		<u>963,326</u>	<u>411,495</u>
Change in cash and cash equivalents in the year		1,884,975	1,379,918
Cash and cash equivalents brought forward		<u>2,059,352</u>	<u>679,434</u>
Cash and cash equivalents carried forward		<u><u>3,944,327</u></u>	<u><u>2,059,352</u></u>

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Hillyfield Primary Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education Funding Agency.

1.3 Income

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

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

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

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold buildings	-	125 years
Improvements to leasehold premises	-	20 - 50 years
Fixtures and fittings	-	5 years
Computer equipment	-	2 years
Assets under construction	-	Not depreciated until brought into use

1.7 Interest receivable

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The academy 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 August 2016 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	15,369	-	-	15,369	24,121
Capital Grants	-	-	3,099,705	3,099,705	709,658
	<u>15,369</u>	<u>-</u>	<u>3,099,705</u>	<u>3,115,074</u>	<u>733,779</u>
Total donations and capital grants	<u>15,369</u>	<u>-</u>	<u>3,099,705</u>	<u>3,115,074</u>	<u>733,779</u>

In 2015, of the total income from donations and capital grants, £24,121 was to unrestricted funds and £709,658 was to restricted funds

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Hillyfield Academy

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
GAG	-	4,565,112	4,565,112	4,366,055
Other YPLA/EFA grants	-	582,121	582,121	483,348
	-	5,147,233	5,147,233	4,849,403
Other government grants				
Other government grants	-	1,131,651	1,131,651	938,926
	-	1,131,651	1,131,651	938,926
Other funding				
Insurance claims	-	121,867	121,867	-
	-	121,867	121,867	-
	-	6,400,751	6,400,751	5,788,329

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £5,788,329 was to restricted funds.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering income	-	92,587	92,587	72,496
Music services income	62,656	-	62,656	32,717
Staff consultancy	-	230,617	230,617	270,323
Facilities & services	-	229,968	229,968	240,543
	62,656	553,172	615,828	616,079

In 2015, of the total income from other trading activities, £32,717 was to unrestricted funds and £583,262 was to restricted funds.

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

6. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	6,790	-	6,790	3,580

In 2015, of the total investment income, £3,580 was to unrestricted funds and £ NIL was to restricted funds.

7. DIRECT COSTS

	Educational operations £	Total 2016 £	Total 2015 £
Educational supplies	263,102	263,102	308,328
Staff development	67,923	67,923	84,943
Educational consultancy	137,267	137,267	27,659
Other direct costs	65,855	65,855	109,314
Agency supply teaching	214,386	214,386	179,659
Wages and salaries	3,456,508	3,456,508	3,197,085
National insurance	264,820	264,820	231,743
Pension cost	394,911	394,911	302,962
Depreciation	442,669	442,669	283,805
	<u>5,307,441</u>	<u>5,307,441</u>	<u>4,725,498</u>

In 2015, the academy incurred the following Direct costs:

£4,725,498 in respect of Educational operations

8. SUPPORT COSTS

	Governance £	Educational operations £	Total 2016 £	Total 2015 £
Pension finance costs	-	23,000	23,000	8,000
Recruitment and support	-	27,553	27,553	21,973
Maintenance of premises and equipment	-	816,134	816,134	529,997
Rent and rates	-	22,637	22,637	22,278
Insurance	-	22,125	22,125	42,147
Other support costs	19,467	124,809	144,276	135,952
Catering expenditure	-	238,202	238,202	197,039
Wages and salaries	-	543,187	543,187	500,557
National insurance	-	37,106	37,106	31,700
Pension cost	-	142,859	142,859	106,524
	<u>19,467</u>	<u>1,997,612</u>	<u>2,017,079</u>	<u>1,596,167</u>

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

8. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the academy incurred the following Governance costs: £19,467 (2015 - £24,121) included within the table above in respect of Educational operations.

In 2015, the academy incurred the following Support costs: £1,572,046 in respect of Educational operations

9. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	22,028	22,028	7,764
Educational operations:					
Direct costs	4,330,625	-	976,816	5,307,441	4,725,498
Support costs	723,152	860,896	413,564	1,997,612	1,572,046
	<u>5,053,777</u>	<u>860,896</u>	<u>1,412,408</u>	<u>7,327,081</u>	<u>6,305,308</u>

In 2016, of the total expenditure, £22,028 (2015 - £7,764) was to unrestricted funds and £7,305,053 (2015 - £6,297,544) was to restricted funds.

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	442,669	283,805
Auditors' remuneration	4,000	4,000
Auditors' remuneration- non audit	2,196	3,731
	<u>448,865</u>	<u>291,536</u>

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

11. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	3,999,695	3,697,642
Social security costs	301,926	263,443
Operating costs of defined benefit pension schemes	537,770	409,486
	4,839,391	4,370,571
Supply teacher costs	214,386	179,659
	5,053,777	4,550,230

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

	2016	2015
	No.	No.
Teachers	41	33
Administration and support	86	70
Management	15	15
	142	118

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

	2016	2015
	No.	No.
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
In the band £200,001 - £300,000	1	1

Three of the above employees participated in the Teachers' Pension Scheme.

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £486,921 (2015: £502,168)

12. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

HILLYFIELD PRIMARY ACADEMY
(A Company Limited by Guarantee)

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

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

		2016	<i>2015</i>
		£'000	<i>£'000</i>
Mr S Lancashire (Executive Head)	Remuneration	200-205	<i>220-225</i>
	Pension contributions paid	30-35	<i>30-35</i>
Ms A Mackenzie (Staff Trustee)	Remuneration	65-70	<i>85-90</i>
	Pension contributions paid	10-15	<i>10-15</i>
Sally Carpenter (Staff Trustee)	Remuneration	30-35	<i>30-35</i>
	Pension contributions paid	0-5	<i>0-5</i>
Tiffany Luckett (Staff Trustee)	Remuneration	40-45	<i>40-45</i>
	Pension contributions paid	5-10	<i>5-10</i>
Tim Bowden (Head of School)	Remuneration	75-80	<i>Nil</i>
	Pension contributions paid	10-15	<i>Nil</i>
Pauline Casbolt (Staff Trustee)	Remuneration	70-75	<i>Nil</i>
	Pension contributions paid	10-15	<i>Nil</i>

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for 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.

14. PENSION FINANCE CHARGES

	2016	<i>2015</i>
	£	<i>£</i>
Interest income on pension scheme assets	41,000	<i>46,000</i>
Interest on pension scheme liabilities	(64,000)	<i>(54,000)</i>
	(23,000)	<i>(8,000)</i>

HILLYFIELD PRIMARY ACADEMY
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15. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Improvements to Leasehold Property £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2015	9,551,707	5,335,272	144,052	343,503	-	15,374,534
Additions	-	42,315	3,668	24,012	2,073,174	2,143,169
At 31 August 2016	<u>9,551,707</u>	<u>5,377,587</u>	<u>147,720</u>	<u>367,515</u>	<u>2,073,174</u>	<u>17,517,703</u>
Depreciation						
At 1 September 2015	356,593	139,569	79,903	272,879	-	848,944
Charge for the year	76,414	267,896	28,817	69,542	-	442,669
At 31 August 2016	<u>433,007</u>	<u>407,465</u>	<u>108,720</u>	<u>342,421</u>	<u>-</u>	<u>1,291,613</u>
Net book value						
At 31 August 2016	<u>9,118,700</u>	<u>4,970,122</u>	<u>39,000</u>	<u>25,094</u>	<u>2,073,174</u>	<u>16,226,090</u>
At 31 August 2015	<u>9,195,114</u>	<u>5,195,703</u>	<u>64,149</u>	<u>70,624</u>	<u>-</u>	<u>14,525,590</u>

16. DEBTORS

	2016 £	2015 £
Trade debtors	245,952	310,373
VAT repayable	72,781	43,464
Other debtors	1,655	2,035
Prepayments and accrued income	89,900	93,958
	<u>410,288</u>	<u>449,830</u>

17. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	220	105,612
Other taxation and social security	92,579	121,892
Other creditors	5,932	729
Accruals and deferred income	985,637	493,423
	<u>1,084,368</u>	<u>721,656</u>

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18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
General Funds - all funds	471,963	84,815	(22,028)	-	534,750
Restricted funds					
Restricted Funds - all funds	1,315,563	6,953,923	(6,774,851)	-	1,494,635
Pension reserve	(696,000)	-	(107,000)	(1,360,000)	(2,163,000)
	<u>619,563</u>	<u>6,953,923</u>	<u>(6,881,851)</u>	<u>(1,360,000)</u>	<u>(668,365)</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	14,525,590	3,099,705	(442,669)	-	17,182,626
Total restricted funds	<u>15,145,153</u>	<u>10,053,628</u>	<u>(7,324,520)</u>	<u>(1,360,000)</u>	<u>16,514,261</u>
Total of funds	<u><u>15,617,116</u></u>	<u><u>10,138,443</u></u>	<u><u>(7,346,548)</u></u>	<u><u>(1,360,000)</u></u>	<u><u>17,049,011</u></u>

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

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

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	16,226,090	16,226,090	14,525,590
Current assets	534,750	2,579,003	956,536	4,070,289	2,509,182
Creditors due within one year	-	(1,084,368)	-	(1,084,368)	(721,656)
Provisions for liabilities and charges	-	(2,163,000)	-	(2,163,000)	(696,000)
	<u>534,750</u>	<u>(668,365)</u>	<u>17,182,626</u>	<u>17,049,011</u>	<u>15,617,116</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	2,791,895	812,338
Adjustment for:		
Depreciation charges	442,669	283,805
Returns on investments and servicing of finance	(6,790)	(3,805)
Decrease/(increase) in debtors	39,542	2,191,076
(Decrease)/increase in creditors	647,038	(1,157,445)
Capital grants from DfE and other capital income	(3,099,705)	(1,218,546)
FRS102 pension adjustments	107,000	61,000
Net cash provided by operating activities	<u>921,649</u>	<u>968,423</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	3,944,327	2,059,352
Total	<u>3,944,327</u>	<u>2,059,352</u>

22. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Authorised and contracted at 31 August 2016	<u>1,004,618</u>	<u>410,000</u>

23. PENSION COMMITMENTS

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The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Waltham Forest Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £252,968 (2015 - £192,674).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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23. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £303,000 (2015 - £262,000), of which employer's contributions totalled £221,000 (2015 - £189,000) and employees' contributions totalled £82,000 (2015 - £73,000). The agreed contribution rates for future years are 14.4% for employers and 5.5 to 12.5% for employees.

The academy paid £24,400 (2015 - £23,400) during the year in respect of additional contributions over and above the normal funding level.

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.
 London Borough of Waltham Forest Pension Fund

Principal actuarial assumptions:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.20 %	<i>4.00 %</i>
Rate of increase in salaries	3.40 %	<i>3.70 %</i>
Rate of increase for pensions in payment / inflation	1.90 %	<i>2.20 %</i>
Inflation assumption (CPI)	2.20 %	<i>2.20 %</i>

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

	2016	<i>2015</i>
Retiring today		
Males	23.2	<i>25.4</i>
Females	23.1	<i>25.5</i>
Retiring in 20 years		
Males	25.5	<i>27.8</i>
Females	25.4	<i>27.9</i>

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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	580,000	818,000
Debt instruments	123,000	189,000
Property	53,000	88,000
Cash/liquidity	35,000	25,000
Other	88,000	138,000
Total market value of assets	<u>879,000</u>	<u>1,258,000</u>

The actual return on scheme assets was £92,000 (2015 - £16,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(295,000)	(242,000)
Net interest cost	(23,000)	(8,000)
Total	<u>(318,000)</u>	<u>(250,000)</u>
Actual return on scheme assets	<u>92,000</u>	<u>16,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,575,000	1,209,000
Current service cost	295,000	242,000
Interest cost	64,000	54,000
Contributions by employees	82,000	73,000
Actuarial losses	1,411,000	-
Benefits paid	(6,000)	(3,000)
Closing defined benefit obligation	<u>3,421,000</u>	<u>1,575,000</u>

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23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	879,000	613,000
Interest income	41,000	46,000
Actuarial gains and (losses)	51,000	(39,000)
Contributions by employer	221,000	189,000
Contributions by employees	82,000	73,000
Administration expenses	(10,000)	-
Benefits paid	(6,000)	(3,000)
	<u>1,258,000</u>	<u>879,000</u>
Closing fair value of scheme assets	<u>1,258,000</u>	<u>879,000</u>

24. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	9,934	9,095
Between 1 and 5 years	19,869	5,763
	<u>29,803</u>	<u>14,858</u>
Total	<u>29,803</u>	<u>14,858</u>

25. 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.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no related party transactions in the period.

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

27. FIRST TIME ADOPTION OF FRS 102

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

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