

**Hilbre High School Humanities
College
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year Ended

31 August 2018

Company Number 08075363

Hilbre High School Humanities College
(A Company Limited by Guarantee)

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Hilbre High School Humanities College (A Company Limited by Guarantee)

Reference and Administrative Details For the Year Ended 31 August 2018

Members

G Kemp
M Bellamy
C Robinson

Trustees

S Reynolds
J Jubb
S Jenkinson
J Money
J Burgess (resigned March 2018)
M Cockburn (appointed 1 September 2017)
S Fleming
J Forsey
J Jackson
C Kerr (resigned March 2018)
Dr I Sadler (appointed 1 September 2017)
G Williams (appointed 1 September 2017)

Company registered number

08075363

Company name

Hilbre High School Humanities College

Principal and registered office

Hilbre High School Humanities College, Frankby Road, West Kirby, Wirral, CH48 6EQ

Company secretary

J Doyle

Senior management team

M Bellamy, Head Teacher (Accounting Officer)
P Lloyd, Deputy Head Teacher
J Whisker, Deputy Head Teacher
E Harrison, Assistant Head Teacher
V Devonport, Assistant Head Teacher
A Evans, Assistant Head Teacher
D White, Assistant Head Teacher
K Armitage, Associate Assistant Head Teacher
S Rooney, Associate Assistant Head Teacher

Hilbre High School Humanities College (A Company Limited by Guarantee)

**Reference and Administrative Details
For the Year Ended 31 August 2018**

Independent auditor

BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH

Bankers

Lloyds Bank, 355 Woodchurch Road, Prenton, CH42 8PE

Solicitors

Browne Jacobson, 44 Castle Gate, Nottingham, NG1 7BJ

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 01 September 2018 to 31 August 2018. The annual report serves the purposes of both a trustees report and a Directors report under company law.

The Academy operates an academy for pupils aged between 11-18 years, including a 6th form provision and serving a catchment area in West Wirral. It has a capacity for Pre-16 students of 900 and had a roll of 890 in the spring census February 2017. Post 16 students for the same census were 159.

Structure, Governance and Management

Constitution

The Academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trustees of Hilbre High School Humanities College are also the directors of the charitable company for the purposes of company law. The charitable company operates as Hilbre High School Humanities College.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members Liability

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

Trustees Indemnities

In accordance with normal commercial practice, the trust has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring while on trust business.

Method of Recruitment and Appointment or Election of Trustees

The academy trust board of trustees are in office for 4 years unless an earlier letter of resignation is received in writing. This time limit does not apply to the Head Teacher. New trustees are recruited in accordance with the Articles of Association 2006 and the Academy Funding Agreement and will follow processes for new recruits that are appropriate for recruitment based on a review of board membership.

The academy trust shall have the following governors as set out in its Articles of Association and Funding Agreement:

The numbers of Governors shall be not less than 3 but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Up to 1 Governor, appointed under Article 50.

Up to 7 Parent Governors appointed under Articles 53-58.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018 (*continued*)

Up to 2 staff Governors appointed under Article 58A (not including the Head Teacher).

Up to 5 Community Governors appointed under Article 58B.

Up to 2 partnership Governors appointed under Article 58C.

Any Additional Governors, if Appointed under Article 62, 62A, 62C or 68A.

The Head teacher.

Any Further Governors, if appointed under Article 63 or Article 68A.

Policies and Procedures Adopted for the Induction and Training of Trustees

- The induction, training and support programme for trustees will differ according to the nature of the post and the varying needs and experience of the individual concerned. There are, however, some general principals outlined below which should be common to all.
- The Governors undertake an induction programme in accordance with the Academy's Induction Policy for Governors.
- It is expected that the incumbent trustees will provide a good deal of practical help, advice, guidance and encouragement in all aspects of Governance and in enabling new trustees to integrate into a new situation.
- Prior to taking up the appointment, the new member will be invited to visit the Academy to meet key people as appropriate.
- The trust's Equality & Diversity and related policies will be appropriate to all.

Organisational Structure

The management structure consists of two levels, the governors who are trustees and the senior management of the school. The Head Teacher is the Accounting Officer. The aim of the structure is to devolve responsibility to those best able to make appropriate decisions.

The full Governing Body meets a minimum of three times per year. They establish an overall framework for the governance of the school and determine membership terms of reference and procedures of Committees. They receive reports including policies from its Committees for ratification and monitors activities of the Committees through the minutes of their meetings. The Governing Body may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 4 committees meeting termly each year all of whom are responsible for school policy, practice and performance and monitor aspects of their work by discussions / review / challenge.

- HR & Pay Committee
- Audit, Academy, Business & Finance Committee.
- Curriculum & Achievement Committee
- Pastoral & Well-Being Committee

There are other committees meeting as required:

Pupil Admissions, Pay Appeals, Head Teacher Performance Review, Parental Complaints, Staff grievance, Staff Capability & Staff Dismissal Committees.

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Trustees' Report For the Year Ended 31 August 2018 (*continued*)

During this academic year the Governors reviewed the structure of the Governing Body. It is recognised as good practice to undertake a review and ensure that the Body remains fit for purpose. Committees were structured with Governors considered most appropriate for each of the above Committees in accordance with Skills Analysis and experience.

During this academic year there were 5 Community Governors, 2 Partnership Governors, 3 Co-Opted Governors, 3 Parent Governors, 2 Staff Governors, 1 Ex-Officio Governor (Head Teacher) giving a total of 16 Governors.

Arrangements for Setting Pay and Remuneration of Key personnel

The Academy has Arrangements for setting pay and remuneration for the Head Teacher and key management personal. Staffing levels are set in line with National Teacher Pay & Conditions guidelines and NJC for Non-Teaching staff.

The Governing Body review and set the pay award for the Head Teacher and all key management personnel using the approved Whole School pay Policy.

There is a robust procedure in place for staff Performance Management review approved annually by the Governing body.

Trade Union facility time

Relevant School-Union Officials

Number of employees who were relevant Union officials during the relevant period	Full time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1%-50%	2
51-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£2,391
Provide the total pay bill	£103,964
Provide the total % of the total pay bill spent On facility time, calculated as: (total cost of F/T ÷ total pay bill) x 100	2.3%

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Trustees' Report For the Year Ended 31 August 2018 (*continued*)

Paid Trade Union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	
(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	2%

The school also bought into a SLA with the Local Authority for Trade Union Facilities time and paid £2,543 during the period 1 September 2017 to 31 August 2018.

Related Parties and other Connected Charities and Organisations

The Governing Body works closely with Wirral Borough Council, other Professional Agencies The ESFA, the DfE and other neighbouring Secondary Schools and Primary Feeder schools. Hilbre does have 1 specific Related Party agreement for the use of the CLC building, with a signed Lease agreement being in place for the Local Authority Maintained Home & Continuing Education service to operate from 1/3rd of the site and to pay the related 1/3rd PFI Rental fees accordingly.

Objectives and Aims

Hilbre High school Humanities College is a hardworking, dedicated, motivated and lively school. We recognise the varied and individual needs of our students and provide a broad, balanced education, both in and out of the classroom, ensuring students are equipped with the skills, knowledge and understanding necessary to contribute to today's ever changing society.

Our Objectives are:

- To ensure that every student, whatever their starting point, makes rapid and sustained progress through effective, high quality teaching, in order to achieve good outcomes.
- Challenge our students to do their very best: progress through endeavour
- Provide a caring, healthy and supportive environment in which students can feel secure and happy and in which they can easily relate to people.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review and provide an innovative and challenging curriculum that recognises the varied and individual needs of all students.
- Promote excellent teaching and learning across all curriculum areas, driven by our commitment to continuous improvement and our desire to develop independent learners.
- To provide value for money for the funds expended and to continue to provide wide-ranging enrichment activities to enable students to fully participate fully in the life of the school.
- To comply with all statutory and curriculum requirements.
- To conduct business with the highest standards of integrity, probity and openness.
- To provide supportive and challenging corporate governance to our schools, for the benefit of our students and their families.

Objectives, Strategies and Activities

Key activities and targets are identified in the School Improvement Plan and are informed by the significant challenges and opportunities arising from national developments in education policy and funding.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018 (*continued*)

These include:

- Embedding a culture of student responsibility, accountability and attitude to core school standards, to ensure outstanding and ambitious progress for all our students.
- Developing highly literate and numerate students to ensure they become successful learners.
- Ensuring progress for all students compares favourably with National and Local Averages.
- Narrowing the gap for specific student cohorts: Pupil Premium, High Ability, Special Educational Needs, Looked after Children and ensure under-achievement in the areas identified is quality assured and improved.
- Ensuring Staff accountability is improved, clarified and upheld and Performance Management for all staff is reviewed.
- Ensuring the quality of teaching is outstanding to increase level of challenge and deepen thinking.
- Ensuring attendance is improved, removing stubborn barriers to learning and ensuring effective intervention is implemented
- Using school data effectively to identify areas of under achievement and plan future developments accordingly in relation to school, staff and student outcomes

Improvement and Development plans are supported by detailed activity targets and success criteria in School, Staff and Subject Areas within the School Improvement Plan. These plans, activities and success criteria are reported back to the Governors on a termly basis and under constant review.

Equal Opportunities Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The trust will aim to establish equal opportunity in all areas including creating a working environment in which the contribution and needs of all people will be fully valued.

The trustees will ensure that professional development opportunities are available to all employees.

Public Benefit

The academy trust has complied with its duty and given due regard to the guidance issued by the Charities Commission on the matter of public benefit and considered the impact of the public benefit requirement and will:

- Make decisions to ensure the charity's purpose provides benefit.
- Make decisions to manage risk of detriment or harm to the charity's beneficiaries or to the public in general that might result from carrying out that purpose.
- Make decisions about who benefits in ways that are consistent with the purpose.

The academy trust believes the greatest benefit that the trust can offer, is the provision of an education that maximises each students potential, developed into principled, informed, open minded and confident citizens, who respect the beliefs of others and who are determined to make a positive contribution to society.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018 (*continued*)

Strategic Report

Achievements and Performance including Key Performance Indicators

In June 2016, the school received an Ofsted Overall Effectiveness rating of "Good" with the 5 areas of rating as follows:

Effectiveness of Leadership and Management- Good
Quality of Teaching, Learning and Assessment- Good
Personal Development, Behaviour and Welfare- Good
Outcomes for pupils- Good
16-19 Study programme- Good

2017/18 Exam Results

The summer 2018 GCSE exam results did not meet expectation. Progress 8 score was lower than expected and below national outcomes. Consequently, the School Improvement Plan has been 'streamlined' to focus on six key priority areas, which are:

- Student culture of responsibility, accountability and attitude to core school standards
- Progress for all students compares favourably with national and local averages
- Narrow gaps for specific student cohorts: Pupil Premium, High Ability, Special Educational Needs and Disabilities, Looked After Children
- Staff accountability improved, clarified and upheld
- Quality of teaching 'outstanding'
- Attendance improved

The summer 2018 A level exam results were in-line with our expectation, showing increased attainment. They are slightly-below National Outcomes.

Observations from KS4 Results 2018

To ensure continued drive on Whole School literacy to support English exam results.
Improved outcomes needs within some non-core subjects
Continued improvements on outcomes for Pupil premium Students
Continued challenge for most able students
Continued review of subject improvement plans.
Increased recruitment into the 6th Form.

Key Performance Indicators

The main financial performance indicator is the level of reserves held in the Balance sheet (excluding the pension deficit), total reserves held as at 31 August 2018 were £322k (2017: £706k).

As funding is based on pupil numbers, this is also a key performance indicator. Pupil numbers used to calculate GAG funding on the EFSA Funding Statement for the 2017/18 budget were 892 (including 15 High Needs places) for KS3 & KS4, and 946 for the 2018/19 budget (including 30 High Needs places). These figures will increase to 964 based on the autumn 2017 census.

Funding for High Needs places rose up from 15 in 2016/17 to 30 places in 2017/18 as the school secure a 50% increase in the size of the Resource Provision, resulting in an increase in High Needs Pre-16 funding from £150,000 to £300,000.

Post-16 funding in 2016/17 = £735,877 (172 students) 2017/18= £677,764 (159 students) and in 2018/19 = £825,105 (189 students).

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Trustees' Report For the Year Ended 31 August 2018 (*continued*)

The Audit, Academy, Business & Finance Committee review key financial data including performance indicators and outcomes at each of their termly meetings. All Financial performances are measured using a series of control and monitoring systems and procedures.

A detailed commentary on performance for a specific period is presented, with comprehensive management accounts that include the following:

- Income and expenditure to date against budget heading comparisons.
- Projected surplus / deficit for the year analysed by income and expenditure headings.
- Bank and Investments balances, both month end and current.

Staff costs represent the majority of the school's expenditure and as such are closely scrutinised and reconciled with an agreed % of no more than 80% of the budget (figures show at 79.3% for 2017/18). Actual monthly costs are monitored against budget settings with trends being extrapolated to provide year end outcomes.

The final salary costs for 2017/18 were approx. £25,000 less than the original budget.

As a PFI school, all utility costs are covered under the monthly re-charges and as such, charges made by the Local Authority, is interrogated and checked to ensure efficient use of resources. These costs increase by the RPI each financial year.

Pupil Attendance 2017

Target Attendance 2017 = 96%

Actual Attendance 2017 = 93.4%

Going Concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The trust is revising its financial plans in light of lower than expected pupil numbers in 2018/19 entering into 6th form. Action will be taken to ensure a balanced budget is achieved over future years.

The Academy's in-year operating deficit before actuarial gains/losses in 2017/18 reduced substantially in relation to 2016/17 as a result of a combination of an increase in GAG income for both pre-16 and post 16 students, an increase in the Resource Provision and SEN numbers and reduced teacher staffing expenditure.

A comprehensive review of the whole school staffing took place during 2017/18 which included SLT and Non-Teaching staff which resulted in the Fixed term appointment of 2 new Associate Assistant Head Teachers to oversee Literacy and Attendance and to re-evaluate the rolls of those Non-Teaching staff involved in all aspects of pupil classroom, SEN and Intervention support.

Budget projection figures for post August 2018 year-end show an increase in the in-year balance to show an approximate surplus of £70,000 for the 2018/19 budget which is a substantial improvement from the previous in-year deficit figures for both 2016/17 and 2017/18.

These positive changes will come about due to an increase in Pre-16 pupil numbers from 880- Autumn 2015 Census, 892 Autumn 2016 census, 946 Autumn 2017 census and 964 Autumn 2018 census. An increase in numbers in Post 16 from 159 to 189 showing in the Autumn 2017 census. The increase in the academy PAN number in year 7 from 180 to 200 will continue to have an impact over the following years.

Staffing figures have since been given a thorough review in relation to Financial Resources and curriculum need, with the total % cost of staff salaries reducing from 87% in 2016/17, 79.3% in 2017/18 and to 75.6% in 2018/19.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018 (*continued*)

Financial Review

The majority of the school's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes as detailed in the funding agreement. The grants received from the ESFA during the period 01 September 2017 to 31 August 2018 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities incorporating Income and Expenditure Account.

The School also receives grants for fixed assets from the ESFA and such grants if received are shown in the Statement of Financial Activities incorporating Income and Expenditure Account as restricted income in the fixed asset fund.

The academy net loss before other recognised gains and losses for the year are (£569k) compared to (£832k) in the prior year.

Due to an increase in pupil numbers both years 7-11 and SEN, the Academy will be able to achieve a balanced in-year budget for the 2018/19 academic year.

As at 31 August 2018, the Academy has a deficit of £3,271k (compared to £3,699k as at 31 August 2017) in relation to the non-teaching staff pension scheme. Annual deficit contributions are being made over a period of 25 years from the date of conversion.

Key financial policies adopted or reviewed during the period include the Academies Handbook and Financial Procedures Manual which both lay out the framework for financial management including financial responsibilities of the trustees, Head Teacher, School Business Manager, Senior Finance Officer, Senior leadership members, budget holders and other staff, as well as delegated authority for spending.

The Governors have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest accordingly in human and physical resources to sustain the school's development priorities. The governing body continually discusses and reviews the policy on reserves and investments, in order to protect the organisation from commercial, political and financial risk

Reserves Policy

The Trust currently has a reserve of £254,481 of unrestricted funds and the Trustees do review the reserve levels of the school annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Particular regard is given to the likely levels of future income to be received from the Education and Skills Funding Agency and the likelihood that these may reduce over the forthcoming years, along with the increase in employers NI and pension contributions.

The trustees will endeavour to keep an appropriate level of funds in reserve that it considers necessary for unexpected in-year emergencies over and above budget setting and future operations and strategic budget decisions and any challenging predicted budget shortfalls.

As at 31 August 2018 the School held the following reserves:

- | | |
|---|----------|
| • Restricted Reserves (excluding pension liabilities) | £Nil |
| • Unrestricted Reserves | £254,481 |
| • Restricted Fixed Asset Reserves | £67,295 |

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018 (*continued*)

Investment Policy

The academy trust investment policy is consistent with its charitable status. Investments must always be made in accordance with written procedures as agreed in the Capital Investment Policy adopted by the Governing body and reviewed annually, Governors must always ensure the maximum integrity of such investments. The priority for the Trust has been to have cash invested in liquid investment products that bear no risk with its bankers TSB.

The academy trust had investments in Lloyds High Interest totalling £300,000 at the start of the period 01 September 2017 and made a decision to only reinvest £150,000 in April 2018 to ensure cash flow security.

Approval of the Audit and Academy, Business & Finance Committees is required before any investment is made.

Principal Risks and Uncertainties

Risks to the academy are continually reviewed by the Governing Body and the last risk management review took place in September 2017. This involved identifying the types of risks the Trust faces and the systems in place or that needed to be implemented to mitigate against the risks the Trust faces.

The particular risks for Hilbre High School Humanities college that the Governors must take into account are:

- A fall in sixth form pupil numbers in 2018 and how this affects future funding and financial viability.
- Continued increase in 11-16 pupils and the nature and size of current facilities needed to ensure well-being and Health & safety of staff and students.
- Being able to generate a sustainable in-year surplus.

The trustees are satisfied that systems are in place to mitigate the risks identified.

The following risk areas were reviewed:

- Governance
- Operational
- Financial
- Environmental or External factors
- Compliance (Law & Regulation)

Specific consideration is given to Health & Safety, Insurance, Attainment, Attendance, Behaviour, Safeguarding, Reputation, HR & ICT.

The Governors are assisted in the management of risk by the senior leadership team, HR Advisors SAS Daniels, The LA Risk & Insurance & Health & Safety Services and Statutory Audit provided by BDO LLP.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report For the Year Ended 31 August 2018 (*continued*)

Fundraising

The Trustees have taken guidance from the Charities Commission Publication "Charity Fundraising"; a guide to trustee duties (CC20) when setting up procedures in relation to fundraising activities and has adopted the 6 principles given in the Commissions guide.

The 6 principles are:

- Planning effectively, set-out, agree and monitor your approach to fundraising.
- Supervise your fundraisers- establish a system to oversee your fundraising methods and fundraising carried out on behalf of the charity.
- Protect your charity- make sure there is strong management of your assets and resources.
- Comply with the fundraising laws and regulations- in particular in areas such as data protection and licensing laws.
- Follow recognised fundraising standards- the code of Fundraising Practice outlines the legal rules that apply to fundraising.
- Be open and accountable –make sure your charity is well run and you comply with the statutory accounting and reporting requirements.

Approach to Fundraising

The Trustees ensure that their approach to fundraising is carried out in a considerate and responsible way and in line with approved practices and recognised standards, protecting the charity's reputation and encouraging public trust.

Trustees legal duties:

- Act in the charity's best interest
- Manage the charity's resources responsibly
- Act with reasonable care and skill

Plans for Future Periods

Draft budget figures for 2019/20 indicate a fall in Post 16 GAG income stream due to falling numbers entering the sixth form in September 2018. The main task for the Trustees will be to consider and agree a strategy to ensure pupil number growth in future years.

The number of parents with children with Special Educational Needs wanting to enrol their children at Hilbre continues to increase and demand for places is high. These additional numbers will generate additional top up funding from the Local Authority to support staffing costs and resources.

The increase to the Pupil Intake number for year 7 student entry to 200 in September 2017 will result in a continue increased in overall KS3 & 4 numbers of the next 3 years with an entry of 200 into each year group.

Part of the overall strategic financial review of the Governing Body and senior leaders, in addition to student enrolment, will also include teacher and non-teaching staffing structures within the school. The trust will endeavour to maintain staffing levels in line with the needs and priorities of the Academy and will continue to monitor and review the financial viability of maintaining current staffing levels.

The trust will make efforts to apply and secure any available external grant funding to assist with the provision of additional accommodation and extra-curricular facility so as to further enhance the reputation of the school and support teaching and learning.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 August 2018 (*continued*)

Funds held as Custodian Trustee on behalf of others.

No funds are held by the academy trust as custodian trustee on behalf of others.

AUDITOR

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 the information.

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

G Kemp
Chair of Trustees

Date:

Hilbre High School Humanities College (A Company Limited by Guarantee)

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Hilbre High School Humanities College 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 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 Hilbre High School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weakness 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 4 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
G Kemp (Chair)	7	7
M Bellamy (Head Teacher and Accounting Officer)	16	16
S Reynolds	4	7
J Money	9	10
S Jenkinson	4	7
C Robinson	4	7
J Jubb	3	3
M Cockburn	6	7
G Williams	7	7
J Forsey	6	7
J Jackson	7	7
J Burgess (resigned March 2018)	1	5
C Kerr (resigned March 2018)	1	5
D Taylor (Staff governor)	7	7
S Fleming (Staff governor)	7	7

During 2017/18, 2 Governors resigned in March 2018 and 2 new governors joined the Academy in September 2017. Any new appointments are made in line with the skills matrix used by the school for recruiting new Governors ensuring the trust has a broad and varied range of experienced Governors.

The Audit, Academy, Business & Finance Committee is a sub-committee of the Governing Body. Its main purpose is to minimise risk, by identifying key areas of risk and mitigating those, in conjunction to safeguarding the trust's assets.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Governance Statement (continued)

Key responsibilities:

- Consider and recommend to the Governing Body the annual budget for the school.
- Monitor the performance against the annual budget by consideration of regular income and expenditure statements and cash flow statements.
- Ensure that financial procedures and arrangements as required by Law, DfE and the Auditors are in place and being properly implemented.
- Recommend to the Governing Body annually the appointment of independent examiners for the private funds.
- Liaise with the Auditors as required and consider the draft annual accounts in conjunction with them and recommend the accounts to the Governing Body.
- Authorise the Chair of the Committee to sign, on behalf of the Governing Body, any financial statements, other than the Annual Accounts, which might be required by the DfE or any other regulatory body.

Attendance during the year at meetings of the audit committee was as follows:

Trustee	Meetings attended	Out of a possible
S Jenkinson (Chair)	3	3
M Cockburn (Deputy Chair)	3	3
J Jubb	3	3
M Bellamy (Head Teacher and Accounting Officer)	3	3

Review of Value for Money

As Accounting Officer, the Head Teacher has responsibility for ensuring value for money, regularity and propriety. 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 Trust's use of 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 Trust has delivered improved value for money during the year by:

- Better purchasing- ensuring value for money
- Maximising income generation
- Managing cash

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 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.

Capacity to Handle Risk

The board of trustees has reviewed the key tasks to which the 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31st August 2018 and up to the date of the annual report and Financial Statements. This process is regularly reviewed by the Board of Trustees.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Governance Statement (continued)

The Risk and Control Framework

The Trust's system of Internal Financial Control is based on regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- Comprehensive budget and monitoring systems with an annual budget and periodic reports which are reviewed and agreed by the Board of Trustees.
- Regular reviews by the Finance committee of the reports which indicate financial performance against forecast and of major purchase plans, capital works and expenditure programme.
- 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 has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees, as part of best practice, are to appoint the services of an external outsourced provider to carry out additional checks.

The outsourced provider's role would include giving advice on financial matters and performing a range of checks on the Trust's financial systems, in particular checks on:

- Payroll systems
- Purchase systems
- Reconciliation of Income and expenditure systems
- Control / Banking Account systems.

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 financial management and governance self-assessment, monitoring and review process.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and ensure continuous improvement of the system is in place.

Approved by the order of the members of the board of trustees on
its behalf by:

and signed on

G Kemp
Chair of Trustees

M Bellamy
Accounting Officer

Hilbre High School Humanities College (A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

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

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

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

- **Financial issues**

No financial issues noted.

- **Non-financial issues**

The Academy signed a three-year lease for an alarm system during the year which was believed to be an operating lease and so no prior consent was obtained from the ESFA to enter into the agreement.

It has since been decided by the external Auditors that this was in fact a Finance lease – given that the at the inception of the lease the present value of the minimum lease payments amounted to at least substantially all of the fair value of the leased asset, and as such it has been judged by them as a Finance lease.

M Bellamy
Accounting Officer

Hilbre High School Humanities College (A Company Limited by Guarantee)

Statement of Trustees' Responsibilities For the Year Ended 31 August 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

and signed on its behalf by:

G Kemp
Chair of Trustees

Hilbre High School Humanities College (A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Hilbre High School Humanities College

Opinion

We have audited the financial statements of Hilbre High School Humanities College ("the Academy") for the year ended 31 August 2018 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Hilbre High School Humanities College

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Hilbre High School Humanities College (A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Hilbre High School Humanities College

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://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 Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an 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 Academy and the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hamid Ghafoor

for and on behalf of

BDO LLP, statutory auditor

5 Temple Square
Temple Street
Liverpool
L2 5RH

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hilbre High School Humanities College (A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Hilbre High School Humanities College and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hilbre High School Humanities College during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Hilbre High School Humanities College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hilbre High School Humanities College's funding agreement with the Secretary of State for Education dated 20 February 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Hilbre High School Humanities College and the Education and Skills Funding Agency (*continued*)

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1:

The Academy signed a three-year lease for an alarm system during the year which was believed to be an operating lease at the time of entering into the transaction and so no prior consent was obtained from the ESFA to enter into the agreement.

The lease arrangement has since been considered by management and by the governors and it has been concluded that the lease represents a finance lease because, at the inception of the lease the present value of the minimum lease payments amounted to at least substantially all of the fair value of the leased asset. The accounting treatment has not been adjusted in the financial statements as the adjustment is not considered to be material.

Academy Trusts are not permitted to enter into finance leases without prior approval of ESFA to do so and as such this action has been viewed as an irregularity in the accounts.

BDO LLP

Reporting Accountant
BDO LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hilbre High School Humanities College (A Company Limited by Guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Income from:						
Donations and capital grants	2	-	-	22	22	23
Charitable activities	3	1	6,866	-	6,867	6,183
Other trading activities	4	57	-	-	57	64
Investments	5	4	-	-	4	6
Total income		62	6,866	22	6,950	6,276
Expenditure on:						
Charitable activities		9	7,488	22	7,519	7,108
Total expenditure	6	9	7,488	22	7,519	7,108
Net income/(expenditure) before transfers		53	(622)	-	(569)	(832)
Transfers between funds	17	(437)	437	-	-	-
Net income/(expenditure) before other recognised gains and losses		(384)	(185)	-	(569)	(832)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	613	-	613	(86)
Net movement in funds		(384)	428	-	44	(918)
Reconciliation of funds:						
Total funds brought forward		639	(3,699)	67	(2,993)	(2,075)
Total funds carried forward		255	(3,271)	67	(2,949)	(2,993)

All of the academy's activities derive from continuing operations during the above two financial periods.

The notes on pages 27 to 49 form part of these financial statements.

Hilbre High School Humanities College
(A Company Limited by Guarantee)

Company number: 08075363

Balance Sheet
As at 31 August 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	13		34		46
Current assets					
Debtors	15	159		114	
Short term asset investments	14	150		300	
Cash at bank and in hand	20	384		601	
		<u>693</u>		<u>1,015</u>	
Creditors: amounts falling due within one year	16	(405)		(355)	
Net current assets			<u>288</u>		<u>660</u>
Total assets less current liabilities			<u>322</u>		<u>706</u>
Defined benefit pension scheme liability	21		(3,271)		(3,699)
Net liabilities including pension scheme liability			<u>(2,949)</u>		<u>(2,993)</u>
Funds of the academy					
Restricted income funds:					
Restricted funds	17	-		-	
Restricted fixed asset funds	17	67		67	
Pension reserve	21	(3,271)		(3,699)	
Total restricted income funds			<u>(3,204)</u>		<u>(3,632)</u>
Unrestricted income funds	17		255		639
Total deficit			<u>(2,949)</u>		<u>(2,993)</u>

The financial statements on pages 24 to 49 were approved by the Trustees, and authorised for issue, on _____ and are signed on their behalf, by:

G Kemp
Chair of Trustees

The notes on pages 27 to 49 form part of these financial statements.

**Hilbre High School Humanities College
(A Company Limited by Guarantee)**

**Statement of Cash Flows
For the Year Ended 31 August 2018**

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash used in operating activities	19	(384)	(573)
Cash flows from investing activities:			
Interest		4	6
Purchase of tangible fixed assets		(9)	(10)
Capital grants from DfE Group		22	23
(Increase)/decrease in short term asset investment		150	(300)
Net cash provided/(used in) by investing activities		167	(281)
Change in cash and cash equivalents in the year		(217)	(854)
Cash and cash equivalents brought forward		601	1,455
Cash and cash equivalents carried forward	20	384	601

The notes on pages 27 to 49 form part of these financial statements.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Hilbre High School Humanities College constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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

In making this assessment, the Trustees have given consideration to the pension deficit which is not considered to cause liquidity issues due to annual deficit contributions being made to fund the deficit. Budgets and forecasts have been prepared for the next two years taking account of increases in funding due to increases in Pre-16 and Post-16 pupil numbers. There has also been an increase in the Academy's PAN number in year 7 which will continue to have an impact on funding over future years.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.3 Income

Grants

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 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 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.

Donated goods

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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 a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Donations

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

Other income

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.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25% reducing balance
Furniture and fixtures	-	20% straight line
Computer equipment	-	33% straight line

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

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.6 PFI Agreement

The Academy occupies buildings which are owned by Wirral Borough Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of facilities management. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's Balance Sheet. The revenue payment is recognised in the SOFA.

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities incorporating Income and Expenditure Account.

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 Short term asset investments

Current asset investments are cash deposits repayable in August 2019 and are held at amortised cost.

1.10 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.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash.

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 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.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.13 Financial instruments

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.14 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.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 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.

1.16 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 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.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.17 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There is a level of inherent uncertainty in estimating the future PFI charges, concerning the use of buildings occupied by the Academy under the Wirral Schools PFI Project Agreement, which are disclosed in note 22. In the future, PFI charges may vary due to inflationary increases, PFI contractor performance penalties and PFI charge benchmarking exercises. The trustees have estimated the future operating lease commitments based on the latest information available.

Critical areas of judgement:

The most important factor in determining the amount of GAG the school receives each year is the number of pupils on roll. Regular reports are provided to members of the Finance Committee estimating the size of the School Budget. These are updated as and when changes take place with regards to intakes.

A significant factor in determining the amounts reflected in the financial statements would be any decision to become a Multi Academy Trust. This decision had not yet been taken by the school although the situation is constantly monitored by the Governing Body of the school.

2. Income from donations and capital grants

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Capital Grants	-	22	22	23
	=====	=====	=====	=====
<i>Total 2017</i>	-	23	23	
	=====	=====	=====	

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
DfE/ESFA grants				
General Annual Grant	-	6,045	6,045	5,484
Other DfE/ESFA grants	-	302	302	269
	-	6,347	6,347	5,753
Other government grants				
Local authority grants	-	398	398	281
Other government grants	-	1	1	1
	-	399	399	282
Other funding				
Other income	1	-	1	27
School fund	-	121	121	121
	1	121	122	148
Total 2018	1	6,866	6,867	6,183
<i>Total 2017</i>	<i>1</i>	<i>6,182</i>	<i>6,183</i>	

4. Trading activities

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Charity trading income				
Hire of facilities	17	-	17	16
Staff consultancy	29	-	29	31
Catering income	11	-	11	17
	57	-	57	64
Net income from trading activities	57	-	57	64

Total income from trading activities was £57,000 (2017: £64,000) of which £57,000 (2017: £64,000) was unrestricted and £Nil (2017: £Nil) was restricted.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

5. Investment income

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Short term deposits	4	-	4	6
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	6	-	6	
	<hr/>	<hr/>	<hr/>	

6. Expenditure

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	3,891	-	388	4,279	4,252
Support costs	1,466	1,077	697	3,240	2,856
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2018	5,357	1,077	1,085	7,519	7,108
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	5,353	673	1,082	7,108	
	<hr/>	<hr/>	<hr/>	<hr/>	

The Academy's educational operations expenditure above totalling £7,517,000 (2017: £7,108,000) included £7,488,000 (2017: £7,075,000) used from restricted funds, £9,000 (2017: £10,000) used from unrestricted funds and £22,000 (2017: £23,000) used from restricted fixed asset funds.

7. Analysis of expenditure by activities

	Direct costs 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Charitable activities	4,279	3,240	7,519	7,108
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	4,252	2,856	7,108	
	<hr/>	<hr/>	<hr/>	

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities £000	Total 2018 £000	Total 2017 £000
Staff costs	1,466	1,466	1,491
Depreciation	21	21	24
Technology costs	63	63	65
Premises costs	1,056	1,056	647
Other costs	618	618	609
Governance costs	16	16	20
	3,240	3,240	2,856
	3,240	3,240	2,856
<i>At 31 August 2018</i>	3,240	3,240	2,856
	2,856	2,856	
	2,856	2,856	

8. Net income/(expenditure)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	21	24
Operating lease rentals	574	587
	595	611
	595	611

9. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £12,000 (2017: £10,000), and other services of £5,000 (2017: £5,000).

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

10. Staff costs

a. Staff costs

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	4,115	4,131
Social security costs	391	33
Operating costs of defined benefit pension schemes	762	789
	5,268	4,953
Supply teacher costs	89	60
	5,357	5,013

b. Non-statutory/non-contractual staff severance payments

Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payment of £Nil (2017: £Nil).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	75	71
Administrations and support	57	55
Management	8	8
	182	134
	182	134

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1

Three of the above employees participated in the Teachers' Pension Scheme and one participated in the Local Government Pension Scheme. During the year ended 31 August 2018 employer's pension contributions for these staff amounted to £37,870 (2017: £36,891).

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

10. Staff costs (continued)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the academy trust was £650,009 (2017: £635,133).

Disclosure of prior year key management personnel employee benefits has been restated to include employer's national insurance contribution.

11. Trustees' remuneration and expenses

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:

	2018	2017
	£000	£000
M Bellamy (head teacher and trustee)		
Remuneration	95-100	<i>90-95</i>
Pension contributions paid	15-20	<i>15-20</i>
S Fleming (staff governor - teacher)		
Remuneration	45-50	<i>40-45</i>
Pension contributions paid	5-10	<i>5-10</i>
D Taylor (staff governor - non teaching)		
Remuneration	20-25	<i>15-20</i>
Pension contributions paid	0-5	<i>0-5</i>

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017: £Nil) were reimbursed to trustees.

Other related party transactions involving the trustees are set out in note 25.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was £2,826 (2017: £2,850).

13. Tangible fixed assets

	Motor vehicles £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost				
At 1 September 2017	5	91	137	233
Additions	-	4	5	9
Disposals	-	-	(4)	(4)
	5	95	138	238
At 31 August 2018	5	95	138	238
Depreciation				
At 1 September 2017	5	53	129	187
Charge for the year	-	13	8	21
On disposals	-	-	(4)	(4)
	5	66	133	204
At 31 August 2018	5	66	133	204
Net book value				
At 31 August 2018	-	29	5	34
<i>At 31 August 2017</i>	-	38	8	46

14. Short term investments

	2018 £000	2017 £000
Cash deposits held	150	601
	150	601
	150	601

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

15. Debtors

	2018 £000	2017 £000
Prepayments and accrued income	151	109
Tax recoverable	8	5
	159	114
	159	114

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Other creditors	202	191
Accruals and deferred income	203	164
	405	355
	405	355

At the previous balance sheet date the Academy Trust was holding funds received in respect of the school fund.

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	31	36
Resources deferred during the year	-	31
Amounts released from previous years	(31)	(36)
	-	31
Deferred income at 31 August 2018	-	31

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

17. Statement of funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers In/(out) £000	Losses £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted funds	639	62	(9)	(437)	-	255
Restricted funds						
General Annual Grant (GAG)	-	6,045	(6,482)	437	-	-
Other DfE/ESFA grants	-	302	(302)		-	-
Other restricted income	-	520	(520)		-	-
Pension reserve	(3,699)	-	(185)		613	(3,271)
	(3,699)	6,867	(7,489)	437	613	(3,271)
Restricted fixed asset funds						
DfE/ESFA capital grants	57	22	(12)	-	-	67
Capital expenditure from GAG	10	-	(10)	-	-	-
	67	22	(22)	-	-	67
Total restricted funds	(3,632)	6,889	(7,511)	437	613	(3,204)
Total of funds	(2,993)	6,951	(7,520)	-	613	(2,949)

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

Unrestricted funds

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

Restricted general funds

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and other funders.

Restricted fixed asset funds

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

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers In/out £000</i>	<i>Losses £000</i>	<i>Balance at 31 August 2017 £000</i>
Unrestricted funds	903	71	(10)	(325)	-	639
Restricted funds						
General Annual Grant (GAG)	352	5,484	(6,161)	325	-	-
Other DfE/ESFA grants	-	269	(269)	-	-	-
Other restricted income	-	429	(429)	-	-	-
Pension reserve	(3,397)	-	(216)	-	(86)	(3,699)
	<u>(3,045)</u>	<u>6,182</u>	<u>(7,075)</u>	<u>325</u>	<u>(86)</u>	<u>(3,699)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	46	23	(12)	-	-	57
Capital expenditure from GAG	21	-	(11)	-	-	10
	<u>67</u>	<u>23</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>67</u>
Total restricted funds	<u>(2,978)</u>	<u>6,205</u>	<u>(7,098)</u>	<u>325</u>	<u>(86)</u>	<u>(3,632)</u>
Total of funds	<u><u>(2,075)</u></u>	<u><u>6,276</u></u>	<u><u>(7,108)</u></u>	<u><u>-</u></u>	<u><u>(86)</u></u>	<u><u>(2,993)</u></u>

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Analysis of net assets between funds

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	34	34
Current assets	255	405	33	693
Creditors due within one year	-	(405)	-	(405)
Provisions for liabilities and charges	-	(3,271)	-	(3,271)
	255	(3,271)	67	(2,949)
	255	(3,271)	67	(2,949)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2017 £000</i>	<i>Restricted funds 2017 £000</i>	<i>Restricted fixed asset funds 2017 £000</i>	<i>Total funds 2017 £000</i>
Tangible fixed assets	-	-	46	46
Current assets	639	355	21	1,015
Creditors due within one year	-	(355)	-	(355)
Provisions for liabilities and charges	-	(3,699)	-	(3,699)
	639	(3,699)	67	(2,993)
	639	(3,699)	67	(2,993)

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(567)	(832)
Adjustment for:		
Depreciation charges	21	24
Increase in debtors	(47)	(4)
Increase in creditors	50	52
Capital grants from DfE and other capital income	(22)	(23)
Interest receivable	(4)	(6)
Defined benefit pension scheme cost less contributions payable	91	138
Defined benefit pension scheme finance cost	94	78
	(384)	(573)
Net cash used in operating activities	(384)	(573)

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

20. Analysis of cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	384	601
	<hr/>	<hr/>
Total	384	601
	<hr/> <hr/>	<hr/> <hr/>

21. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £66,199 were payable to the schemes at 31 August 2018 (2017: £93,215) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

21. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £503,290 (2017 - £498,392).

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).

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

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

21. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £333k (2017 - £290k), of which employer's contributions totalled £268k (2017 - £226k) and employees' contributions totalled £65k (2017 - £64k). The agreed contribution rates for future years are 15.3% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80%	2.50%
Rate of increase in salaries	3.60%	3.70%
Rate of increase for pensions in payment / deferment	2.20%	2.20%
Inflation assumption (CPI)	2.10%	2.20%
Commutation of pensions to lump sums	50.00%	50.00%

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

	2018	2017
<i>Retiring today</i>		
Males	22.0 years	21.6 years
Females	24.8 years	24.7 years
<i>Retiring in 20 years</i>		
Males	25.0 years	24.2 years
Females	27.8 years	27.7 years

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

21. Pension commitments (continued)

Sensitivity analysis	At 31 August 2018 £000	At 31 August 2017 £000
+ 0.1% p.a. discount rate	6,021	5,989
+ 0.1% p.a. inflation	6,321	6,287
+ 0.1% p.a. pay growth	6,212	6,182
1 year increase in life expectancy	6,278	6,246

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

	2018 £000	2017 £000
Equities	1,507	1,277
Government bonds	99	83
Other bonds	342	295
Property	264	195
Cash and other liquid assets	90	117
Other	597	470
	2,898	2,437
Total market value of assets	2,898	2,437

The actual return on scheme assets was £149,000 (2017 - £224,000).

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

	2018 £000	2017 £000
Current service cost	(359)	(364)
Net interest cost	(89)	(73)
Administration expenses	(5)	(5)
	(453)	(442)
Total	(453)	(442)

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

21. Pension commitments (continued)

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

	2018	2017
	£000	£000
Opening defined benefit obligation	6,136	5,494
Current service cost	359	364
Interest cost	154	122
Employee contributions	65	64
Actuarial (gains)/losses	(529)	142
Benefits paid	(16)	(50)
	6,169	6,136
Closing defined benefit obligation	6,169	6,136

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

	2018	2017
	£000	£000
Opening fair value of scheme assets	2,437	2,097
Interest income	65	49
Actuarial gains	84	56
Employer contributions	268	226
Employee contributions	65	64
Benefits paid	(16)	(50)
Administration expenses	(5)	(5)
	2,898	2,437
Closing fair value of scheme assets	2,898	2,437

	2018	2017
	£000	£000
Total market value of assets	2,898	2,437
Present value of scheme liabilities - Funded	(6,169)	(6,136)
	(3,271)	(3,699)
Net pension obligation	(3,271)	(3,699)

Contingent liability

On 26 October 2018, the High Court handed down its judgement in the case involving the Lloyds Banking Group's defined benefit pension schemes and the rights of members to equality of treatment in relation to pension benefits. The Court's ruling has made it clear that schemes should be amended to equalise benefits for men and women in respect of guaranteed minimum pension benefits. The extent to which the judgement crystallises additional liabilities of the Merseyside Pension Fund Local Government Pension Scheme is under consideration and any adjustment that may result is expected to be recognised in the 2018/19 financial year. At present, we are unable to quantify the financial effect of this.

Hilbre High School Humanities College (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

22. Operating lease commitments

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

	2018	2017
	£000	£000
Amounts payable:		
Within 1 year	1,028	1,012
Between 1 and 5 years	4,344	4,300
After more than 5 years	9,501	10,794
	14,873	16,106
Total	14,873	16,106

Included in operating lease commitments is £14,857,000 (2017: £16,102,000) which relates to revenue contributions for facilities management in respect of the PFI arrangement under which the buildings are occupied by the Academy.

23. Guarantees, letters of comfort and indemnities

There were no guarantees, letters of comfort or indemnities provided by the trust during the year.

24. Members' liability

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

25. Related party transactions

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