

Registered number: 08803858 (England and Wales)

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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**VIEWLEY HILL ACADEMY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, MEMBERS, TRUSTEES AND  
ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Members**

J Bruce  
R A Desics (resigned 10 December 2015)  
K Maughan  
K E Stone

**Trustees**

Rev K E Stone, Chair<sup>1,2</sup>  
P Cowley  
Rev R A Desics (resigned 10 December 2015)  
G Dorman-Smith<sup>2</sup>  
H C Malbon, Accounting Officer<sup>1,2</sup>  
K Maughan<sup>1</sup>  
J Measor<sup>1</sup>  
R L Moffat<sup>2</sup>  
A Rice<sup>2</sup>  
L C Robson<sup>1</sup>  
L E Sinclair<sup>1</sup>  
H Turley<sup>2</sup>

1 Finance and Resources Committee

2 School Improvement Committee

**Company registered number**

08803858

**Company name**

Viewley Hill Academy

**Principal and registered office**

Andover Way  
Hemlington  
Middlesborough  
TS8 9HL

**Senior management team**

H C Malbon, Headteacher  
S Gardiner, Deputy Headteacher  
C Scaife, KS2 Leader  
L C Robson, EY/KS1 Leader  
J Lowe, Business Manager

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

**Advisers (continued)**

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
and Statutory Auditors  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

**Bankers**

Lloyds Bank plc  
St James House  
137 Albert Road  
Middlesborough  
TS1 2PD

**Solicitors**

Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

**VIEWLEY HILL ACADEMY**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

The Trust operates an academy for pupils aged 3 to 11 serving a catchment in Middlesbrough in the north east of England. It has a pupil capacity of 273 with a 26 FTE nursery and a roll of 219 and 23 FTE in the school census dated May 2016.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

- Viewley Hill Academy serves an area of high social and economic deprivation; school deprivation factor 0.53 compared to national of 0.24.
- Average SEN Support: 13.8 compared to 13.0 nationally
- Significantly above average percentage of free school meals; 64.4% compared to 26.0% nationally.

To assist academic study and support good attendance, the academy runs a breakfast club, small group and individual interventions for identified pupils and maintains a high staffing ratio to meet our children's often complex pastoral needs. The academy also offers its pupils a wide range of activities and experiences beyond the academic, with coaching in various sports, participation in musical activities, educational visits and residential outdoor experience.

The academy's objectives are specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, and
- To promote for the benefit of inhabitants of Middlesbrough and the surrounding areas the provision of facilities for sport, recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving conditions of life of the said inhabitants

### **Objectives, strategies and activities**

The main objectives of the academy for the period 1 September 2015 to 31 August 2016 are summarised below:

- Improve outcomes in GPS to 75%+ at end of KS2
- Implement new assessment framework
- Narrow the attainment gap between DA and non DA pupils further – writing focus

The academy's main objectives are captured in its vision statement which articulates the academy's ethos and strategies for achieving its objectives – see below:

- Our vision sees Viewley Hill at the heart of our community where every family is valued and welcomed.
- We aim to inspire each child to believe in their own potential and provide them with the life skills they need for their future.
- We will promote independence, curiosity and resilience; skills which will encourage our children to become life-long learners.
- We will provide a curriculum that is engaging and challenging and which responds to the needs of our children and enriches their experience of the world.
- We will support our children in becoming responsible and considerate young people. We will ensure their voice is heard and encourage them to contribute fully to the life of our school.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 3 and 11.

**VIEWLEY HILL ACADEMY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Public benefit**

The charity's aims and achievements are set out within this report. The activities set out in this report have been to further the charity's charitable purposes for public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the Trustees have paid due regard to the guidance in deciding what activities the charity should undertake.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Key performance indicators**

The academy is increasingly popular with an increased role over the past four years. The academy has a four year trend of improving results which evidences achievement against the stated objective of raising attainment in KS2. There has also been a rise in attainment across school including in outcomes for KS1 and foundation stage.

Outcomes in 2016 (against new national standards) have sustained the academy's track record of high achievement against the national average.

**OUTCOMES 2016**

**Early Years (40 pupils)**

ELG Writing		ELG READING		ELG Numbers		GLD	
National 2015 70%		National 2015 76%		National 2015 77%		National 2015 66%	
2015	2016	2015	2016	2015	2016	2015	2016
62%	63%	65%	73%	73%	75%	59%	63%

**Phonics Screening Check (Y1 - 38 pupils Y2 - 5 pupils)**

YEAR 1				YEAR 2			
National 2016 81%				National 2016 92%			
2015		2016		2015		2016	
76%		82%		50%		100%	

**Key Stage 1 (30 pupils)**

READING			WRITING			MATHS			COMBINED			GPS
VHA	LA	NAT'L	VHA	LA	NAT'L	VHA	LA	NAT'L	VHA	LA	NAT'L	VHA
60%	67%	74%	57%	57%	65%	70%	64%	73%	53%	52%	60%	67%

**Key Stage 2 (30 pupils)**

READING			WRITING			MATHS			GPS		
VHA	LA	NAT'L	VHA	LA	NAT'L	VHA	LA	NAT'L	VHA	LA	NAT'L
70%	61%	66%	77%	68%	74%	83%	70%	70%	87%	69%	72%

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

**Key performance indicators (continued)**

<b>COMBINE</b>		
<b>RWM</b>		
<b>VHA</b>	<b>LA</b>	<b>NAT'L</b>
53%	48%	53%

<b>KS1 - KS2</b>	Progress scores are centred around 0, with most schools within the range of -5 to +5.	
<b>PROGRESS</b>		
Reading	0.2	A score of 0 means pupils in this school on average do about as well at KS2 as those with similar prior attainment nationally.
Writing	1.4	A positive score means pupils in this school on average do better at KS2 as those with similar prior attainment nationally.
Maths	0.8	A negative score means pupils in this school on average do worse at KS2 as those with similar prior attainment nationally.

**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 it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**FINANCIAL REVIEW**

**Finance Review**

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

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2016, total expenditure of £1,526,000 (excluding depreciation and pension deficit transferred on conversion) exceeded recurrent grant funding from the DfE together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds, actuarial gains/losses and before transfers) was £51,000.

At 31 August 2016 the net book value of fixed assets was £2,623,000 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £382,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £2,407,000 comprising £2,356,000 of restricted funds and £51,000 of unrestricted funds.

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

**Reserves policy**

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The academy's reserves policy:

- Assists in strategic planning by considering how new projects or activities will be funded.
- Informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects.
- Informs the budget and risk management process by identifying any uncertainty in future income streams.

When considering an appropriate level of reserves, the trustees consider:

- The risk of unforeseen emergency or other unexpected need for funds.
- Covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence.
- A fall in a source of income, such as lettings.
- Planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project.
- The need to fund potential deficits in a cash budget, for example money may need to be spent before a funding grant is received.

The financial risks identified determine the amount of reserves the academy targets to hold.

Viewley Hill Academy has decided that the reserves level for 2015-16 will be £50,000 based on analysis of the points above and the likelihood that they may occur and the amount of funding that would be required if they did.

The academy's current level of free reserves are in surplus by £51,000 and therefore are considered to be around the appropriate level.

**Investment Policy**

The Academy keeps the necessary funds in the main bank account for daily operations and hold surpluses on deposit making transfers as necessary. However, there are limited amounts on deposit and the interest on them is negligible.



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

**Principal Risk and Uncertainties**

The Trustees have assessed the major risks to which the academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academy and its finances. The Trustees have implemented a number of systems to assess risks that the school faces especially in the operational areas (e.g. in relation to teaching, health and safety, school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial control and this is explained in more detail in the Governance Statement.

The trustees believe that the academy's risk management procedures mitigate as far as reasonably possible the principal risks and uncertainties facing it. The academy does not have significant trade debtors. Cash flow is monitored daily by the academy and budgets are presented to the board of trustees who consider cash flow and liquidity in detail.

Through the academy's risk management procedures, it has considered its principal risks and uncertainties and planned mitigating action wherever possible. The principal risks and uncertainties identified by the board of trustees are:

- Change in government funding regime
- Changes to Teacher's Pension Scheme and LGPS
- Reduction in student numbers either through competition or a damaged reputation
- Reduction in standards/poor Ofsted grading

Key controls that the academy has in place to mitigate these risks include:

- Participation via academy HT representation in LA SMF to keep up to date with and influence as far as possible academy funding methodology
- Regular challenge and support on standards and performance between related Umbrella Trust academies
- Use of external consultants to monitor, develop and improve school standards

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The trustees of Viewley Hill Academy are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Viewley Hill Academy.

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

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

**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.

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

The term of office for any Trustee shall be four years. The Headteacher of the academy is a Trustee. The Members appoint up to six community trustees. Staff Trustees are elected by staff of the academy. The Parent Trustees are elected by parents of registered pupils at the academy and must be a parent of a registered pupil at the academy at the time of appointment. There is a Trust Governor nominated by the Umbrella Trust, The Discovery Alliance. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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

The training and induction provided for new Trustees depends on their existing experience. All new Trustees are directed to central induction training delivered by the Local Authority Trustee Development Service. In addition to this, specific training and orientation on educational, legal and financial matters is provided by the Headteacher, Business Manager or Chair of Trustees as appropriate. All new Trustees are given a tour of the academy, provided with copies of key policies, procedures, plans and other relevant documents to inform their role. As there are normally only one or two new Trustees a year, induction can be tailored carefully to skills and experience.

**Arrangements for setting pay and remuneration of key management personnel**

The academy Pay Policy sets out in detail the arrangements for setting pay and remuneration of key management personnel. The policy applies to employees of the academy. Only staff trustees and the Senior Leadership Team receive pay from the academy as they are employees of the academy. The Trustees have an established committee to carry out determinations of pay in accordance with this policy. In addition there is a Governor Allowances Policy which sets out the conditions which enable a trustee to request a payment in respect of expenditure necessarily incurred for the purpose of enabling the trustee or member to perform their governance duty.

**Organisational structure**

During the period 1 September 2015 to 31 August 2016 the academy operated a two layer management structure: the Board of Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and to encourage involvement in decision making at all levels.

The Trustees are responsible for: setting general policy, influencing the school improvement plan and overseeing the budget forecast, monitoring the academy's financial operations and academic standards and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Senior Leadership Team consists of the Headteacher, Deputy Headteacher, School Business Manager and two team leaders who manage the academy on a day to day basis implementing policies laid down by the Trustees and reporting back to them. The spending control is devolved to the headteacher and business manager for authorisation of spending within agreed budgets. Any spending above agreed limits must be referred to the Board of Trustees of the trust.

**VIEWLEY HILL ACADEMY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Related Parties and other Connected Charities and Organisations**

Viewley Hill Academy is part of the Discovery Alliance, an Umbrella Trust, established by five neighbouring primary academies and one secondary academy. The Discovery Alliance Umbrella Trust is a company registered in England and Wales. The Discovery Alliance was created to facilitate a closer working relationship between the six schools in order to raise standards, improve the educational experiences for children, promote consistency and improve transition between phases. The Headteachers of the six schools, together with special advisors, form the Raising Achievement Panel (RAP) which meets termly to further the objectives of the Alliance through collaborative working and sharing best practice. Unlike a Multi Academy Trust, the Umbrella Trust and the six schools therein remain autonomous to ensure the best educational outcomes for each, whilst still being able to promote efficiency and effectiveness through a collaborative approach.

**Trustees' indemnities**

The academy has purchased insurance to protect Trustees from claims arising from damages, judgements or settlements, defence costs and expenses awarded to any claimant.

**PLANS FOR FUTURE PERIODS**

**Future developments**

Prior to conversion the academy was two years into a three to five year refurbishment programme plan to upgrade the teaching areas and technology both educational and operational. At the point of conversion 4 classrooms and 2 link rooms had been completed and benefited from new ceiling insulation, grids and tiles, new carpets, new heating and lights throughout. A new IT suite had been installed comprising 30 new machines and new interactive whiteboard. Partitions to separate open plan areas had been installed and a comprehensive redecorating programme had been completed.

Since conversion the academy has installed Wi-Fi throughout the site, refurbished a further 4 classrooms and link corridor. Since the first phase we have moved to LED lighting, a new option, which offers both financial and environmental savings.

During the period 1 September 2015 to 31 August 2016 further teaching areas have been upgraded to the same standard as prior upgrades (including insulation, ceiling grids, tiles and LED lighting.) There has been a complete refurbishment of a building previously let to another school to provide a multi-use training room and break out space for teaching groups. The central courtyard has also been developed to provide further raised allotment beds.

Our review of the staffing profile based on pupil numbers led to teacher appointments and the creation of an additional classroom.

The Academy has identified the following areas for future development in 2016-17:

- Review of staffing profile based on pupil roll
- Review of teaching spaces to accommodate increasing roll
- Refurbishment of remaining teaching areas to same standard including replacing old lighting with LED lighting
- Review of security fencing; possible additional fencing to be installed
- Further development of central courtyard area to provide additional outdoor learning opportunities

**VIEWLEY HILL ACADEMY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Disclosure of information to auditors**

Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**Auditors**

During the period Evolution LLP resigned as auditors and Clive Owen LLP were appointed.

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

This report was approved by order of the board of trustees as the company directors, on 7 December 2016 and signed on its behalf by:



**Rev K Stone**  
**Chair of Trustees**

**VIEWLEY HILL ACADEMY**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

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

The Finance and Resources Committee act as the audit committee for the board of trustees. The audit committee's role is to help the trustees meet their responsibilities for risk management, having effective internal controls and the efficient and effective use of funds. The audit committee is therefore part of the financial governance arrangements of the academy. The audit committee acts on the authority delegated to it by the Trustees and has appropriate terms of reference and a clear reporting line to that body.

**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 3 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
Rev K E Stone, Chair	3	3
P Cowley	3	3
Rev R A Desics	0	1
G Dorman-Smith	3	3
H C Malbon, Accounting Officer	3	3
K Maughan	3	3
J Measor	2	3
R L Moffat	3	3
A Rice	1	3
L C Robson	3	3
L E Sinclair	0	3
H Turley	3	3

Mrs S Gardiner, Deputy Head Teacher attended all meetings in an advisory capacity

Rev R A Desics, Community Governor resigned with effect from 10 December 2015

Mrs J Lowe, School Business Manager attended one meeting (9 December 2015) in an advisory capacity

**VIEWLEY HILL ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

The Finance and Resources Committee is a sub-committee of the main board of trustees. The committee met on three occasions (24 November 2015, 2 March and 7 June 2016) during the 2015/2016 academic year. Its principal purpose is to:

- Set and approve the annual budget;
- Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the school improvement plan;
- Carry out the functions of an audit committee

Mrs J Lowe, School Business Manager attends meetings in an advisory capacity

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Measor, Chair	3	3
H C Malbon, Headteacher	3	3
K Maughan	2	3
L C Robson	3	3
L E Sinclair	3	3
Rev K E Stone	2	3

The School Improvement Committee is a sub-committee of the main board of trustees. The committee met on three occasions (14 October 2015, 3 February and 25 May 2016) during the 2015/2016 academic year. Its principal purpose is to:

- To monitor and evaluate pupil performance across all year groups, including targeted groups: i.e ability groups and vulnerable groups eg Pupil Premium, FSM, CLA, Ethnic Minority/English as an Additional Language, SEN, Travellers, Refugees/Asylum Seekers, Excluded Pupils, termly using comparative data from the RAISEonline and school pupil tracking systems;
- To advise the Governing Body on curriculum organisation;

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Dorman-Smith, Chair	3	3
H C Malbon, Head Teacher	3	3
R L Moffatt	3	3
A Rice	3	3
Rev K E Stone	3	3
H Turley	3	3

**VIEWLEY HILL ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money**

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

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

**1. Improving Educational Outcomes**

Achievement has continued to rapidly improve over the last four years to ensure that school meets and in several measures now exceeds national attainment and progress averages. This is as a result of careful strategic financial planning that has enabled staff recruitment and training to impact on standards.

Outcomes at end of Foundation stage have risen again this year by 4%. This means there has been a 32% increase since 2013. From starting points that are below average these outcomes indicate very good progress. At the end of KS1 outcomes are not yet at national although data this year is difficult to compare due to new accountability measures being used. Our reading result is 14% lower than national and this is our weakest outcome in this regard. Writing is 8% below national and maths is 3% lower than national. Again, from a position of lower attainment at the end of EYFS this indicates very good progress and 100% of children who achieved age related expectation at the end of EYFS went on to achieve ARE at the end of KS1 at the new higher standard.

The Academy is again pleased with end of Key Stage 2 outcomes in 2016. Our attainment scores in reading, writing and maths are higher than national and progress rates evidence that children in this school on average do better at KS2 than those with similar attainment nationally. Combined attainment is at the national average of 53%.

**2. Financial Governance and oversight of Academy's finances**

The Academy benefits from the provision of a suitably qualified Internal Auditor. The IA ensures a robust programme of monitoring is carried out over three full on-site days. This process interrogates internal systems and controls which ensure the appropriate management of financial procedures in the academy meet the criteria stated in the Academy's Financial Handbook. The outcomes of this audit have been reviewed by the accounting officer and the Finance and Resources Trustee sub-committee and the Academy is found to be compliant in all areas.

Further to this, the Academy has completed year end accounts through an external audit carried out over four full on-site days and additional remote assessment. All systems and controls have again been found to be compliant.

Any large expenditure items are presented to the Board of Trustees who decide the appropriateness of the spending suggested.

In 2015-16

- Trustees consulted on a continuation of the significant upgrade to classrooms including ceiling, insulation and lighting. Trustees based their decision on cost, quality and long term savings over time. This was to provide an additional teaching class and upgrade and existing class to facilitate our small class sizes leading to positive impact on outcomes.
- Trustees consulted on funding the refurbishment of an additional building to create multi use space. Trustees based their decision on cost, quality and potential benefit to the academy in the use of this area. This building now houses a non-fiction library area, SEN office, meeting and training room and is used by teaching classes for break-out activities (e.g. drama / art).

**VIEWLEY HILL ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money (continued)**

The Academy's Trustees approve the budget each year and also receive and approve the annual accounts and the External Auditors Management Report. Trustees regularly review expenditure against budget and receive a termly report from the Academy Business Manager. Minutes reflect robust challenge and questions regarding expenditure and income.

**3. Better Purchasing**

Viewley Hill Academy operates a best value strategy for purchasing provision. Contracts and Service Level Agreements are reviewed on a yearly basis to ensure that a competitive pricing structure is in place. Quality of service received is also continually reviewed and providers are challenged to deliver the highest standards. This identifies any areas requiring improvement or change with competitive comparisons carried out with local suppliers.

During 2015-16

- The Academy sought to improve the management of information through a more primary focused MIS. A range of providers were considered through the Local Authority Administrators Forum and a chosen provider was selected. This has resulted in an overall decrease of associated costs as the new system does not require third party support as the previous system did.
- Additionally, the academy moved to an independent utilities contract saving the academy a £1k annual management fee.
- The Academy purchased a ride on lawn mower and trained the site supervisor to cut the grass. This initial outlay of £3k will be recouped after 14 months of not paying the existing grounds maintenance SLA and from then on there will be an annual saving of approximately £1.5k. This includes a small cost for maintenance and fuel for the mower.

The Academy works closely with other academies in The Discovery Alliance to source strong procurement. This year we have continued to collaborate on joint CPD costs and our insurance provider. Both of these measures have created significant savings to individual academies.

**The Purpose of the System of Internal Control**

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



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**GOVERNANCE STATEMENT (continued)**

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Kier Education Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period cover the following aspects of academy business:

- Leadership and Governance
- People Management
- Policy and Strategy
- Partnership and Resources
- Processes

The IA reports to the accounting officer who in turn reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. The areas covered by this work programme are: Leadership & Governance, People Management, Policy and Strategy, Partnership and Resources, and Processes. The IA prepares a full written report annually. Actions arising from last period's recommendations include the compiling of a simple user guide to the SAGE50 procedures and ensuring that new Trustees are appropriately briefed on financial data during induction as appropriate.

**Recommendations to be actioned during the period 1 September 2016 to 31 August 2017:**

Integrate the HCSS 5 year budget forecast plan into the school improvement plan document (currently 2 separate documents).

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

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

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

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on their behalf, by:



**K Stone**  
**Chair of Trustees**



**H Malbon**  
**Accounting Officer**

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Viewley Hill Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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



**H Malbon**  
**Accounting Officer**

Date: 7 December 2016

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on its behalf by:



**K Stone**  
**Chair of Trustees**

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
VIEWLEY HILL ACADEMY**

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

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

**Respective responsibilities of trustees and auditors**

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

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
VIEWLEY HILL ACADEMY**

**Matters on which we are required to report by exception**

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

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

*Clive Owen cef*

Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
and Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT  
7 December 2016

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 15 March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Viewley Hill Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Viewley Hill Academy's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Viewley Hill Academy's funding agreement with the Secretary of State for Education dated 18 December 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO VIEWLEY HILL  
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

**Approach (continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy.

**Conclusion**

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

*Clive Owen LLP*

**Clive Owen LLP**

Reporting Accountant

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

7 December 2016



**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	3	-	7	10	290
Charitable activities	3	-	1,356	-	1,356	1,279
Other trading activities	4	43	-	-	43	38
<b>TOTAL INCOME</b>		<u>46</u>	<u>1,356</u>	<u>7</u>	<u>1,409</u>	<u>1,607</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		46	1,407	73	1,526	1,613
<b>TOTAL EXPENDITURE</b>	6	<u>46</u>	<u>1,407</u>	<u>73</u>	<u>1,526</u>	<u>1,613</u>
<b>NET EXPENDITURE BEFORE OTHER GAINS AND LOSSES</b>						
		-	(51)	(66)	(117)	(6)
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(232)	-	(232)	5
<b>NET MOVEMENT IN FUNDS</b>		<u>-</u>	<u>(283)</u>	<u>(66)</u>	<u>(349)</u>	<u>(1)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		51	13	2,692	2,756	2,757
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>51</u>	<u>(270)</u>	<u>2,626</u>	<u>2,407</u>	<u>2,756</u>

2016/17  
2016/17

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08803858**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	11		2,623	2,692
<b>CURRENT ASSETS</b>				
Debtors	12	69		103
Cash at bank and in hand		167		244
		236		347
<b>CREDITORS:</b> amounts falling due within one year	13	(70)		(150)
<b>NET CURRENT ASSETS</b>			166	197
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
Defined benefit pension scheme liability	18		(382)	(133)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			2,407	2,756
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds	14	112		146
Restricted fixed asset funds	14	2,626		2,692
		2,738		2,838
Restricted funds excluding pension liability				
Pension reserve		(382)		(133)
Total restricted funds			2,356	2,705
Unrestricted funds	14		51	51
<b>TOTAL FUNDS</b>			2,407	2,756

The financial statements were approved by the trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:



**Rev K Stone**  
**Chair of Trustees**

The notes on pages 26 to 43 form part of these financial statements.

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	16	(80)	(197)
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(4)	(25)
Capital grants from DfE/EFA		7	285
<b>Net cash provided by investing activities</b>		<b>3</b>	<b>260</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(77)</b>	<b>63</b>
Cash and cash equivalents brought forward		244	181
<b>Cash and cash equivalents carried forward</b>		<b>167</b>	<b>244</b>

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

**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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Viewley Hill Academy constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Viewley Hill Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Viewley Hill Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 21.

**1.2 FUND ACCOUNTING**

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

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

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

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

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

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

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

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

**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.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

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

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £3,000 are capitalised.

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

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

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

Freehold property	-	50 years
Land	-	Not depreciated
Fixtures and fittings	-	4 years
Computer equipment	-	2 years

**1.7 INTEREST RECEIVABLE**

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

**1.8 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.

**1.9 CASH AT BANK AND IN HAND**

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

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.10 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.11 FINANCIAL INSTRUMENTS**

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

**1.12 TAXATION**

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

**1.13 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

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

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

**1.14 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 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £73,000.

Land and buildings - Land and buildings are held under a 125 year lease from Middlesbrough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.



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**FOR THE YEAR ENDED 31 AUGUST 2016**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	3	-	3	5
Capital Grants	-	7	7	285
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	3	7	10	290
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £5,000 was to unrestricted funds and £285,000 was to restricted fixed asset funds.

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,018	1,018	944
Pupil Premium	-	186	186	208
Other DfE/EFA Grants	-	21	21	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,225	1,225	1,152
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Government Grants</b>				
SEN	-	6	6	-
Other Government Grants	-	125	125	113
	<hr/>	<hr/>	<hr/>	<hr/>
	-	131	131	113
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other funding</b>				
Other incoming resources	-	-	-	14
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	14
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,356	1,356	1,279
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from charitable activities, £14,000 was to unrestricted funds and £1,265,000 was to restricted funds.

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Other income	15	-	15	14
Letting Income	-	-	-	10
Uniform Income	1	-	1	-
Trips	5	-	5	4
Staff Insurance	11	-	11	-
Catering	11	-	11	10
	<u>43</u>	<u>-</u>	<u>43</u>	<u>38</u>

In 2015, of the total income from other trading activities, £36,000 was to unrestricted funds and £2,000 was to restricted funds.

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**5. CHARITABLE ACTIVITIES**

	2016 £000	2015 £000
<b>DIRECT COSTS</b>		
Wages and salaries	727	688
National insurance	52	41
Pension cost	98	80
Educational supplies	55	61
Examination fees	-	-
Staff development	10	10
Technology costs	25	20
Other direct costs	2	5
Travel and subsistence	-	-
	969	905
<b>SUPPORT COSTS</b>		
Wages and salaries	88	87
National insurance	5	5
Pension costs	38	34
Depreciation	73	76
Net interest cost on pension scheme	4	3
Recruitment and support	3	-
Maintenance of premises and equipment	109	279
Cleaning	31	27
Rates	9	8
Energy	22	24
Insurance	31	25
Security	3	1
Technology costs	14	21
Catering	87	65
Occupancy costs	1	-
Bank interest and charges	4	-
Other support costs	25	34
Governance costs	10	19
	557	708
	1,526	1,613

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

**6. EXPENDITURE**

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	877	-	92	969	905
Support costs	131	262	164	557	708
	<u>1,008</u>	<u>262</u>	<u>256</u>	<u>1,526</u>	<u>1,613</u>

In 2016, of the total expenditure, £46,000 (2015 - £47,000) was to unrestricted funds and £1,480,000 (2015 - £1,566,000) was to restricted funds.

There were not individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

**7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	73	76
Auditors' remuneration - audit	5	5
Auditors' remuneration - other services	5	7
Operating lease rentals	<u>12</u>	<u>6</u>

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**8. STAFF COSTS**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	785	711
Social security costs	57	46
Operating costs of defined benefit pension schemes	136	114
	978	871
Supply staff costs	30	58
Staff restructuring costs	-	6
	1,008	935

Included in operating costs of defined benefit pensions scheme is a debit of £13,000 relating to the pension deficit actuarial adjustment and a debit of £7,000 relating to pension costs for staff supplied by Middlesbrough Council.

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

	2016 No.	2015 No.
Teachers	10	11
Administration and support	27	25
Management	5	4
	42	40

No employee received remuneration amounting to more than £60,000 in either year.

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2015: £5,812).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personal for their services to the academy trust was £259,000 (2015: £243,000)

**VIEWLEY HILL ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. 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:

		2016 £000	2015 £000
H Malbon, Accounting Officer	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
L Robson, Trustee	Remuneration	45-50	40-45
	Pension contributions paid	5-10	5-10
H Turley, Trustee	Remuneration	35-40	10-15
	Pension contributions paid	5-10	0-5

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

**10. 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 however it is not possible to qualify trustees and officers indemnity element from the overall cost.

**11. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST</b>				
At 1 September 2015	2,744	35	31	2,810
Additions	-	4	-	4
At 31 August 2016	<u>2,744</u>	<u>39</u>	<u>31</u>	<u>2,814</u>
<b>DEPRECIATION</b>				
At 1 September 2015	89	7	22	118
Charge for the year	54	10	9	73
At 31 August 2016	<u>143</u>	<u>17</u>	<u>31</u>	<u>191</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>2,601</u>	<u>22</u>	<u>-</u>	<u>2,623</u>
At 31 August 2015	<u>2,655</u>	<u>28</u>	<u>9</u>	<u>2,692</u>

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

**12. DEBTORS**

	2016 £000	2015 £000
Trade debtors	2	-
VAT Recoverable	12	32
Prepayments and accrued income	55	71
	69	103
	69	103

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £000	2015 £000
Trade creditors	18	97
Other taxation and social security	16	12
Other creditors	15	13
Accruals and deferred income	21	28
	70	150
	70	150

**DEFERRED INCOME**

	2016 £000	2015 £000
Deferred income at 1 September 2015	10	7
Resources deferred during the year	14	10
Amounts released from previous years	(10)	(7)
	14	10
Deferred income at 31 August 2016	14	10

Deferred income includes free school meals funding and breakfast club income which relates the following academic year.

**14. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Carried Forward £000
<b>UNRESTRICTED FUNDS</b>					
Unrestricted general funds	51	46	(46)	-	51
	51	46	(46)	-	51
<b>RESTRICTED FUNDS</b>					
General Annual Grant (GAG)	146	1,018	(1,052)	-	112
Pupil Premium	-	186	(186)	-	-
Other DfE/EFA Grants	-	21	(21)	-	-
Other Government grants	-	131	(131)	-	-
Pension reserve	(133)	-	(17)	(232)	(382)
	13	1,356	(1,407)	(232)	(270)
	13	1,356	(1,407)	(232)	(270)

**VIEWLEY HILL ACADEMY**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

Inherited on conversion	2,648	-	(58)	-	2,590
DfE/EFA Capital grants	-	7	(1)	-	6
Capital expenditure from GAG	44	-	(14)	-	30
	<u>2,692</u>	<u>7</u>	<u>(73)</u>	<u>-</u>	<u>2,626</u>
Total restricted funds	<u>2,705</u>	<u>1,363</u>	<u>(1,480)</u>	<u>(232)</u>	<u>2,356</u>
Total of funds	<u>2,756</u>	<u>1,409</u>	<u>(1,526)</u>	<u>(232)</u>	<u>2,407</u>

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the schools sees fit to support deprived students.

Other DfE/EFA grants includes pupil premium funding target at disadvantaged pupils, universal infant free school meas funding and the PE and sport grant.

Other government grants include early year funding for three and four year old children and funding for pupils with special educational needs.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 18.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charges against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

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

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,623	2,623	2,692
Current assets	51	182	3	236	347
Creditors due within one year	-	(70)	-	(70)	(150)
Provisions for liabilities and charges	-	(382)	-	(382)	(133)
	<u>51</u>	<u>(270)</u>	<u>2,626</u>	<u>2,407</u>	<u>2,756</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £000	2015 £000
Net expenditure for the year (as per Statement of financial activities)	(117)	(6)
<b>Adjustment for:</b>		
Depreciation charges	73	76
Decrease/(increase) in debtors	34	(38)
(Decrease)/increase in creditors	(80)	38
Capital grants from DfE and other capital income	(7)	(285)
Defined benefit pension scheme movement	17	18
	(80)	(197)
<b>Net cash used in operating activities</b>	<b>(80)</b>	<b>(197)</b>

**17. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	167	244
Total	167	244

**18. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £15,000 were payable to the schemes at 31 August 2016 (2015 - £13,000) and are included within creditors.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £78,000 (2015 - £66,000).

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](http://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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. 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 2016 was £53,000 (2015 - £47,000), of which employer's contributions totalled £38,000 (2015 - £34,000) and employees' contributions totalled £15,000 (2015 - £13,000). The agreed contribution rates for future years are 12.4% for employers and 5.5% - 8.5% 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:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.50 %
Rate of increase for pensions in payment / inflation	1.90 %	2.00 %
Inflation assumption (CPI)	1.90 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	23.1	23.0
Females	25.6	25.5
Retiring in 20 years		
Males	25.3	25.2
Females	28.0	27.8

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	295	259
Bonds	6	10
Property	25	19
Cash	20	20
Other	-	6
<b>Total market value of assets</b>	<b>346</b>	<b>314</b>

The actual return on scheme assets was £48,000 (2015 - £(3,000)).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. PENSION COMMITMENTS (continued)**

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

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(51)	(49)
Net interest cost	(4)	(3)
	(55)	(52)
<b>Total</b>	<b>(55)</b>	<b>(52)</b>

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

	2016 £000	2015 £000
Opening defined benefit obligation	447	371
Current service cost	51	49
Interest cost	16	14
Contributions by employees	15	13
Actuarial losses/(gains)	268	(19)
Benefits paid	(69)	19
	728	447
<b>Closing defined benefit obligation</b>	<b>728</b>	<b>447</b>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	314	251
Interest income	12	11
Actuarial gains and (losses)	36	(14)
Contributions by employer	38	34
Contributions by employees	15	13
Benefits paid	(69)	19
	346	314
<b>Closing fair value of scheme assets</b>	<b>346</b>	<b>314</b>

**19. OPERATING LEASE COMMITMENTS**

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

	2016 £000	2015 £000
<b>AMOUNTS PAYABLE:</b>		
Within one year	12	12
Between one and five years	7	19
	19	31
<b>Total</b>	<b>19</b>	<b>31</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

**21. FIRST TIME ADOPTION OF FRS 102**

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2015 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		2,757	2,756
Total funds reported under FRS 102		<u>2,757</u>	<u>2,756</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	31 August 2015 £000
Net income previously reported under UK GAAP		3
Charge in recognition of LGPS interest cost	A	(9)
Actuarial gains/(losses) brought above the line	B	5
Net movement in funds reported under FRS 102		<u>(1)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £9,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount of £9,000.

B Actuarial gains/(losses) brought above the line

Under SORP 2015 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movement in funds for the year.