

Company Registration Number: 08803858 (England and Wales)

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018**

Members

J Bruce
K Maughan
Rev K E Stone

Trustees

Rev K E Stone, Chair & Community Trustee^{1,2}
W Atkinson, Staff Trustee (appointed 1 January 2018)²
P L Bowler, Community Trustee¹
T Brown, Parent Trustee (resigned 23 February 2018)²
P Cowley, Umbrella Trust Trustee
G Dorman-Smith, Chair of SIC & Community Trustee²
H C Malbon, Headteacher & Accounting Officer^{1,2}
J Measor, Chair of F&R¹
R L Moffatt, Community Trustee²
L C Robson, Staff Trustee (resigned 31 December 2017)¹
L Shadforth, Staff Trustee (appointed 1 January 2018)²
L E Sinclair, Community Trustee²
J C Thirkell, Parent Trustee¹
H Turley, Staff Trustee (resigned 31 December 2017)²

¹ Members of the Finance and Resources Committee

² School Improvement Committee

Company registered number

08803858

Company name

Viewley Hill Academy

Principal and registered office

Andover Way
Hemlington
Middlesbrough
TS8 9HL

Senior leadership team

H C Malbon, Headteacher
S Gardiner, Deputy Headteacher
C Scaife, Assistant Headteacher
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 2018

Advisers (continued)

Independent auditors

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

Bankers

Lloyds Bank plc
St James House
137 Albert Road
Middlesbrough
TS1 2PP

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 2018

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the 1st September 2017 to 31 August 2018. The annual report serves the purpose 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 223 and 27 FTE in the school census dated May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Viewley Hill Academy are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Viewley Hill Academy.

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Headteacher or any post ex-office. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. 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 Trust Governor nominated by the Umbrella Trust, The Discovery Alliance.

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 and Chair of School Improvement Committee as appropriate. All new Trustees undertake an induction process, 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.

VIEWLEY HILL ACADEMY
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the period 1st September 2017 to 31st August 2018 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.

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.

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. Unlike a Multi Academy Trust, the Umbrella Trust and the 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.

OBJECTIVES AND ACTIVITIES

Objects and aims

- Viewley Hill Academy serves an area of high social and economic deprivation; school deprivation factor 0.52 compared to national of 0.21.
- Average SEN Support: 12.8 compared to 12.2 nationally
- Significantly above average percentage of Ever 6 FSM: 60.5% compared to 24.3% 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

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 1st September 2017 to 31st August 2018 are summarised below:

- Increase the number of children achieving Secure and Secure+ in reading, writing & maths in each year group, adding to the number of children identified with higher prior attainment, through a consistent approach to high quality teaching;
- Sustain national standards at KS1; and
- Increase outcomes at end KS2 in CRWM in line with national increase 2016-17 (8%) for children accessing age related curriculum.

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 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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

Achievements and Performance

The academy is increasingly popular with an increased role over the past five years. Outcomes have improved over time leading to achievement that is in line with national from starting points acknowledged by Ofsted to be below average. Outcomes in 2018 were lower than in previous years due to cohort complexities. However, progress is largely in line with national outcomes.

Key performance indicators

OUTCOMES 2018

EARLY YEARS

| ELG Reading <i>National 2017 77%</i> | | ELG Writing <i>National 2017 73%</i> | | ELG Number <i>National 2017 79%</i> | | Good Level of Development <i>National 2017 71%</i> | |
|---|------|---|------|--|------|---|------|
| 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| 79% | 69% | 71% | 69% | 74% | 84% | 71% | 66% |

PHONICS SCREENING CHECK

| Year 1 <i>National 2017 81%</i> | | Year 2 <i>National 2017 92%</i> | |
|------------------------------------|------|------------------------------------|------|
| 2017 | 2018 | 2017 | 2018 |
| 76% | 88% | 97% | 95% |

KEY STAGE 1

| Reading <i>National 2017 76%</i> | | Writing <i>National 2017 68%</i> | | Maths <i>National 2017 75%</i> | | Combined | |
|-------------------------------------|------|-------------------------------------|------|-----------------------------------|------|----------|------|
| 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| 82% | 64% | 82% | 64% | 76% | 69% | 74% | 64% |

KEY STAGE 2

| Reading <i>National 2017 71%</i> | | Writing <i>National 2017 76%</i> | | Maths <i>National 2017 75%</i> | | Combined <i>National 2017 61%</i> | |
|-------------------------------------|------|-------------------------------------|------|-----------------------------------|------|--------------------------------------|------|
| 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| 75% | 75% | 86% | 67% | 68% | 54% | 61% | 50% |

| KS1-KS2 PROGRESS | | | <p>Progress scores are centred around 0, with most schools within the range of -5 to +5.</p> <ul style="list-style-type: none"> A score of 0 means pupils in this school on average do about as well at KS2 as those with similar prior attainment nationally. A positive score means pupils in this school on average do better at KS2 as those with similar prior attainment nationally. A negative score means pupils in this school on average do worse at KS2 as those with similar prior attainment nationally. |
|------------------|------|------|--|
| | 2017 | 2018 | |
| R | +1.5 | -0.6 | |
| W | +4.5 | +3.2 | |
| M | +1.7 | +0.6 | |

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

Finance Review

Most of the academy's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Skills Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also received grants for fixed assets from the ESFA and other funding bodies. In accordance with the Charities SORP (FRS 102), such grants are shown under 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 2018, total expenditure of £1,464,000 was exceeded by recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding fixed asset funds) was £24,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2018 the net book value of fixed assets was £2,636,000 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 £288,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £2,598,000 comprising £2,542,000 of restricted funds and £56,000 of unrestricted funds.

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as curriculum materials and training
- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it is prudent to hold free reserves (total funds less the amount held in fixed assets) of £50,000.

The academy's current level of free reserves are in surplus by £56,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) upgrading IT equipment
- b) additional staffing to impact attainment

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of significant deficit on the academy balance sheet.

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.

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

FUNDRAISING

The academy undertakes small fundraising activities advertised to parents and extended family members in order to raise monies to offset costs of activities and resources which enhance the curriculum and experience of children in school. Examples of these activities are:

- Christmas fair
- Family Bingo
- Cinema Club

Examples of activities and resources these activates offset the costs of:

- Live theatre performance in school
- Buses for school trips
- Christmas parties for children
- Birthday book for every child in school

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

PLANS FOR FUTURE PERIODS

During the period 1st September 2017 to 31st August 2018 two further teaching, cloakroom and multi-function areas were upgraded to the same standard as prior upgrades (including insulation, ceiling grids, tiles and LED lighting.)

Owing to increased demand for parental and family support, a dedicated family hub space was created providing a confidential workspace for the PSA and a facility for multi-agency meetings.

Central courtyard had remedial works completed to improve the surface and outdoor furniture was provided for learning and social opportunities.

A CIF bid was successful and roof works are in the final phase of completion.

The academy has identified the following areas for future development 2018-19:

- Review of staffing profile to increase leadership capacity
- Upgrade to IT hardware (IT Suite and tablets)
- Creation of dedicated PPA room
- Upgrade staffroom facilities
- Carpet replacements in 2 classrooms and shared areas

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have 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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14 November 2018 and signed on its behalf by:



Rev K E Stone
Chair

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 Governors meet their responsibilities for risk management, having effective internal controls and the efficient and effective use of funds. The committee is therefore part of the financial governance arrangements of the academy. The 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 5 times during the year. In addition each committee has met 3 times. Attendance during the year at meetings of the Board of Trustees was as follows:

FULL GOVERNING BODY

The Full Governing Board met on five occasions (14 September 2017, 6 December 2017, 21 March 2018, 14 May 2018 and 11 July 2018) during the period of the 2017/2018 academic year

| Trustee | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| Rev K E Stone, Chair | 5 | 5 |
| W Atkinson | 3 | 3 |
| P L Bowler | 4 | 5 |
| T Brown | 2 | 2 |
| P Cowley | 3 | 5 |
| G Dorman-Smith | 4 | 5 |
| H C Malbon | 5 | 5 |
| J Measor | 3 | 5 |
| R L Moffatt | 5 | 5 |
| L C Robson | 1 | 2 |
| L Shadforth | 3 | 3 |
| L E Sinclair | 2 | 5 |
| J C Thirkell | 3 | 5 |
| H Turley | 1 | 2 |

For Information

- T Brown resigned with effect from 23 February 2018
- L Robson and H Turley came to the end of term as staff trustees on 31 December 2017
- L Shadforth and W Atkinson was appointed staff trustees with effect from 1 January 2018
- S Gardiner, Deputy Headteacher and J Lowe, School Business Manager attended meetings in an advisory capacity

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GOVERNANCE STATEMENT (continued)

Governance (continued)

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee met on three occasions (20 November 2017, 7 March 2018 and 13 June 2018) during the 2017/18 academic year.

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. 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

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| J Measor, Chair of F&R | 3 | 3 |
| H C Malbon, Headteacher & Accounting Officer | 3 | 3 |
| Rev K E Stone | 3 | 3 |
| P Bowler | 3 | 3 |
| J C Thirkell | 3 | 3 |
| L C Robson | 1 | 1 |

For Information

- J Lowe, School Business Manager attended meetings in an advisory capacity
- L C Robson's term of office as staff trustee ceased on 31 December 2017

SCHOOL IMPROVEMENT COMMITTEE

The School Improvement Committee met on three occasions (11 October 2017, 14 March 2018 and 9 May 2018) during the 2017/2018 academic year.

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, Headteacher & Accounting Officer | 3 | 3 |
| R Moffatt | 3 | 3 |
| Rev K E Stone | 3 | 3 |
| H Turley | 1 | 1 |
| T Brown | 0 | 1 |
| L E Sinclair | 2 | 3 |
| W Atkinson | 2 | 2 |
| L Shadforth | 2 | 2 |

For Information

- T Brown resigned from the FGB on 23 February 2018
- H Turley's term of office as staff trustee ceased on 31 December 2017
- L Shadforth and W Atkinson's terms of office as staff trustees began on 1 January 2018

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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

The academy constantly reviews staffing and pupil groups in order to achieve the best possible educational outcomes for children. Due to recent staff turnover in KS1 it has been necessary to strengthen practice by deploying the Deputy Headteacher into this phase to lead on teaching and learning. This significantly contributed to excellent results in 2017.

Although outcomes in 2018 were lower than the previous year, this was influenced by cohort specifics. Phonics outcomes were particularly strong in 2018 and increased from 2017.

Outcomes at the end of KS2 are lower than recent years in line with teacher assessment. A third of this class were not accessing the Y6 curriculum and therefore were unable to achieve well on the statutory tests and against expected thresholds.

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 Governor 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 2017-18

- Trustees consulted on converting a space into a dedicated family hub room. This was also to ensure we could increase confidentiality in light of the GDPR.
- Trustees consulted on a continuation of the significant upgrade to classrooms including flooring, ceiling, insulation and lighting. Trustees based their decision on cost, quality and long term savings over time.

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.

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GOVERNANCE STATEMENT (continued)

Review of Value for Money (Continued)

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 2017-18

- Consultation on catering provider: local authority v private. Decision to remain with LA with improved service.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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 Sean Hogg, finance officer for Kier Education Services as internal auditor.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (Continued)

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.

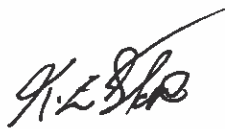
Review of Effectiveness

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 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 14 November 2018 and signed on their behalf, by:



Rev K E Stone
Chair



H C Malbon
Accounting Officer

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 14 November 2018 and signed on its behalf by:



Rev K E Stone
Chair

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

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

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



H C Malbon
Accounting Officer

14 November 2018

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Viewley Hill Academy (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
and Statutory Auditors

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT
14 November 2018

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO VIEWLEY HILL ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

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

This report is made solely to Viewley Hill Academy and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Viewley Hill Academy and the ESFA, 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 accountant

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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of annual Internal Audit report;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Trustees;
- 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 2017 to 31 August 2018 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

Reporting Accountant

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

14 November 2018

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Restricted fixed asset funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 3 | - | 119 | 122 | 8 |
| Charitable activities | 3 | - | 1,373 | - | 1,373 | 1,387 |
| Other trading activities | 4 | 45 | - | - | 45 | 43 |
| TOTAL INCOME | | 48 | 1,373 | 119 | 1,540 | 1,438 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 43 | 1,354 | 67 | 1,464 | 1,525 |
| TOTAL EXPENDITURE | 6 | 43 | 1,354 | 67 | 1,464 | 1,525 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 14 | 5 - | 19 (13) | 52 13 | 76 - | (87) - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 5 | 6 | 65 | 76 | (87) |
| Actuarial gains on defined benefit pension schemes | 18 | - | 95 | - | 95 | 107 |
| NET MOVEMENT IN FUNDS | | 5 | 101 | 65 | 171 | 20 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 51 | (195) | 2,571 | 2,427 | 2,407 |
| TOTAL FUNDS CARRIED FORWARD | | 56 | (94) | 2,636 | 2,598 | 2,427 |

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

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £000 | 2018 £000 | 2017 £000 |
|--|------|------------|--------------|--------------|
| FIXED ASSETS | | | | |
| Tangible assets | 11 | | 2,636 | 2,571 |
| CURRENT ASSETS | | | | |
| Debtors | 12 | 71 | | 55 |
| Cash at bank and in hand | | 306 | | 223 |
| | | <u>377</u> | | <u>278</u> |
| CREDITORS: amounts falling due within one year | 13 | (127) | | (84) |
| | | | <u>250</u> | <u>194</u> |
| NET CURRENT ASSETS | | | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 2,886 | 2,765 |
| Defined benefit pension scheme liability | 18 | | (288) | (338) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>2,598</u> | <u>2,427</u> |
| FUNDS OF THE ACADEMY | | | | |
| Restricted income funds: | | | | |
| Restricted income funds | 14 | 194 | | 143 |
| Restricted fixed asset funds | 14 | 2,636 | | 2,571 |
| | | <u></u> | | <u></u> |
| Restricted income funds excluding pension liability | | 2,830 | | 2,714 |
| Pension reserve | | (288) | | (338) |
| | | <u></u> | | <u></u> |
| Total restricted income funds | | | 2,542 | 2,376 |
| Unrestricted income funds | 14 | | 56 | 51 |
| TOTAL FUNDS | | | <u>2,598</u> | <u>2,427</u> |

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue, on 14 November 2018 and are signed on their behalf, by:



Rev K E Stone
Chair

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £000 | 2017 £000 |
|--|------|--------------|--------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 16 | 96 | 63 |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (132) | (14) |
| Capital grants from DfE Group | | 119 | 7 |
| Net cash used in investing activities | | (13) | (7) |
| Change in cash and cash equivalents in the year | | 83 | 56 |
| Cash and cash equivalents brought forward | | 223 | 167 |
| Cash and cash equivalents carried forward | | 306 | 223 |

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

1.2 GOING CONCERN

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

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.

Donations are recognised on a receivable basis where receipt is probable 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.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|-----------------|
| Long-term leasehold property | - | 50 years |
| Long-term leasehold land | - | Not depreciated |
| Fixtures and fittings | - | 3 - 4 years |
| Computer equipment | - | 2 years |

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.

1.6 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.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

1.8 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.

1.10 LIABILITIES AND PROVISIONS

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

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 PENSIONS

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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 FUND ACCOUNTING

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

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

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

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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 £67,000.

Land and buildings - Land and buildings are held under a 125 year lease from Middlesbrough Borough 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £000 | Restricted fixed asset funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|----------------|---------------------------------------|--|--------------------------------|--------------------------------|
| Donations | 3 | - | 3 | 1 |
| Capital Grants | - | 119 | 119 | 7 |
| | <u>3</u> | <u>119</u> | <u>122</u> | <u>8</u> |
| Total 2017 | <u>1</u> | <u>7</u> | <u>8</u> | |

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 1,022 | 1,022 | 1,068 |
| Pupil Premium | - | 172 | 172 | 183 |
| Other DfE/ESFA grants | - | 46 | 46 | 39 |
| | - | 1,240 | 1,240 | 1,290 |
| Other government grants | | | | |
| SEN | - | 9 | 9 | 6 |
| Other government grants | - | 124 | 124 | 87 |
| | - | 133 | 133 | 93 |
| Other funding | | | | |
| Other grants | - | - | - | 4 |
| | - | - | - | 4 |
| | - | 1,373 | 1,373 | 1,387 |
| Total 2017 | - | 1,387 | 1,387 | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|-----------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Other income | 16 | - | 16 | 14 |
| Uniform income | 1 | - | 1 | 1 |
| Trips | 6 | - | 6 | 4 |
| Staff insurance | 11 | - | 11 | 11 |
| Catering | 11 | - | 11 | 13 |
| | 45 | - | 45 | 43 |
| Total 2017 | 43 | - | 43 | |

VIEWLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. CHARITABLE ACTIVITIES

| | 2018 £000 | 2017 £000 |
|---------------------------------------|--------------|--------------|
| DIRECT COSTS | | |
| Wages and salaries | 718 | 744 |
| National insurance | 50 | 63 |
| Pension cost | 148 | 166 |
| Educational supplies | 39 | 50 |
| Staff development | 7 | 8 |
| Technology costs | 21 | 19 |
| Other direct costs | 19 | 10 |
| | <hr/> 1,002 | <hr/> 1,060 |
| SUPPORT COSTS | | |
| Wages and salaries | 90 | 94 |
| National insurance | 6 | 6 |
| Pension costs | 13 | 12 |
| Depreciation | 67 | 66 |
| Net interest cost on pension scheme | 8 | 7 |
| Recruitment and support | 6 | 3 |
| Maintenance of premises and equipment | 39 | 25 |
| Cleaning | 41 | 39 |
| Travel and subsistence | 1 | - |
| Rates | 10 | 11 |
| Energy | 19 | 20 |
| Insurance | 23 | 25 |
| Security | 2 | 2 |
| Technology costs | 6 | 14 |
| Catering | 88 | 92 |
| Occupancy costs | 1 | 1 |
| Bank interest and charges | 4 | 4 |
| Other support costs | 29 | 34 |
| Governance costs | 9 | 10 |
| | <hr/> 462 | <hr/> 465 |
| | <hr/> | <hr/> |
| | <hr/> 1,464 | <hr/> 1,525 |
| | <hr/> <hr/> | <hr/> <hr/> |

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. EXPENDITURE

| | Staff costs 2018 £000 | Premises 2018 £000 | Other costs 2018 £000 | Total 2018 £000 | Total 2017 £000 |
|-----------------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------|-----------------------|
| Academy's educational operations: | | | | | |
| Direct costs | 916 | - | 86 | 1,002 | 1,060 |
| Support costs | 109 | 185 | 168 | 462 | 465 |
| | <u>1,025</u> | <u>185</u> | <u>254</u> | <u>1,464</u> | <u>1,525</u> |
| Total 2017 | <u>1,085</u> | <u>184</u> | <u>256</u> | <u>1,525</u> | |

In 2018, of the total expenditure, £43,000 (2017 - £44,000) was to unrestricted funds and £1,421,000 (2017 - £1,481,000) was to restricted funds.

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

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 67 | 66 |
| Auditors' remuneration - audit | 5 | 5 |
| Auditors' remuneration - other services | 4 | 4 |
| Operating lease rentals | <u>6</u> | <u>12</u> |

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Wages and salaries | 780 | 787 |
| Social security costs | 56 | 69 |
| Operating costs of defined benefit pension schemes | 161 | 178 |
| | <hr/> 997 | <hr/> 1,034 |
| Supply staff costs | 28 | 51 |
| | <hr/> 1,025 | <hr/> 1,085 |
| | <hr/> <hr/> | <hr/> <hr/> |

Included in operating costs of defined benefit pensions scheme is a charge of £37,000 (2017: £56,000) relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

| | 2018 No. | 2017 No. |
|----------------------------|-------------|-------------|
| Teachers | 11 | 10 |
| Administration and support | 26 | 28 |
| Management | 4 | 6 |
| | <hr/> 41 | <hr/> 44 |
| | <hr/> <hr/> | <hr/> <hr/> |

c. Higher paid staff

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

| | 2018 No. | 2017 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1 | 0 |

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £343,000 (2017: £301,000).

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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:

| | | 2018 £000 | 2017 £000 |
|--------------------------------|----------------------------|--------------|--------------|
| H C Malbon, Accounting Officer | Remuneration | 60-65 | 55-60 |
| | Pension contributions paid | 10-15 | 5-10 |
| L C Robson, Staff Trustee | Remuneration | 25-30 | 40-45 |
| | Pension contributions paid | 0-5 | 5-10 |
| H Turley, Staff Trustee | Remuneration | 10-15 | 10-15 |
| | Pension contributions paid | 0-5 | 0-5 |
| L Shadforth, Staff Trustee | Remuneration | 25-30 | - |
| | Pension contributions paid | 0-5 | - |
| W Atkinson, Staff Trustee | Remuneration | 10-15 | - |
| | Pension contributions paid | 0-5 | - |

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £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 quantify trustees and officers indemnity element from the overall cost.

11. TANGIBLE FIXED ASSETS

| | Leasehold property £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|-----------------------|-------------------------------|----------------------------------|-------------------------------|---------------|
| COST | | | | |
| At 1 September 2017 | 2,747 | 50 | 31 | 2,828 |
| Additions | 110 | 22 | - | 132 |
| At 31 August 2018 | 2,857 | 72 | 31 | 2,960 |
| DEPRECIATION | | | | |
| At 1 September 2017 | 197 | 29 | 31 | 257 |
| Charge for the year | 54 | 13 | - | 67 |
| At 31 August 2018 | 251 | 42 | 31 | 324 |
| NET BOOK VALUE | | | | |
| At 31 August 2018 | 2,606 | 30 | - | 2,636 |
| At 31 August 2017 | 2,550 | 21 | - | 2,571 |

VIEWLEY HILL ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. DEBTORS

| | 2018 £000 | 2017 £000 |
|--------------------------------|--------------|--------------|
| VAT recoverable | 25 | 10 |
| Prepayments and accrued income | 46 | 45 |
| | <u>71</u> | <u>55</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £000 | 2017 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 55 | 31 |
| Other taxation and social security | - | 16 |
| Other creditors | 5 | 15 |
| Accruals and deferred income | 67 | 22 |
| | <u>127</u> | <u>84</u> |

| | 2018 £000 | 2017 £000 |
|--------------------------------------|--------------|--------------|
| DEFERRED INCOME | | |
| Deferred income at 1 September 2017 | 16 | 14 |
| Resources deferred during the year | 14 | 16 |
| Amounts released from previous years | (16) | (14) |
| Deferred income at 31 August 2018 | <u>14</u> | <u>16</u> |

Deferred income includes free school meals funding which relates to the following academic year.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2018 £000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| Unrestricted general funds | 51 | 48 | (43) | - | - | 56 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 142 | 1,022 | (957) | (13) | - | 194 |
| Pupil Premium | - | 172 | (172) | - | - | - |
| PE & Sports Grant | - | 18 | (18) | - | - | - |
| Other DfE/ESFA grants | - | 28 | (28) | - | - | - |
| Other Government grants | - | 133 | (133) | - | - | - |
| Other grants | 1 | - | (1) | - | - | - |
| Pension reserve | (338) | - | (45) | - | 95 | (288) |
| | <u>(195)</u> | <u>1,373</u> | <u>(1,354)</u> | <u>(13)</u> | <u>95</u> | <u>(94)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Inherited on conversion | 2,536 | - | (54) | - | - | 2,482 |
| DfE/ESFA Capital grants | 11 | 7 | (4) | - | - | 14 |
| Capital expenditure from GAG | 24 | - | (9) | 13 | - | 28 |
| CIF | - | 112 | - | - | - | 112 |
| | <u>2,571</u> | <u>119</u> | <u>(67)</u> | <u>13</u> | <u>-</u> | <u>2,636</u> |
| Total restricted funds | <u>2,376</u> | <u>1,492</u> | <u>(1,421)</u> | <u>-</u> | <u>95</u> | <u>2,542</u> |
| Total of funds | <u>2,427</u> | <u>1,540</u> | <u>(1,464)</u> | <u>-</u> | <u>95</u> | <u>2,598</u> |

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. STATEMENT OF FUNDS (continued)

COMPARATIVE INFORMATION IN RESPECT OF THE PRECEEDING PERIOD IS AS FOLLOWS :

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2017 £000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| GENERAL FUNDS | | | | | | |
| Unrestricted general funds | 51 | 44 | (44) | - | - | 51 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 112 | 1,068 | (1,034) | (4) | - | 142 |
| Pupil Premium | - | 183 | (183) | - | - | - |
| PE & Sports Grant | - | 9 | (9) | - | - | - |
| Other DfE/ESFA grants | - | 30 | (30) | - | - | - |
| Other Government grants | - | 93 | (93) | - | - | - |
| Other grants | - | 4 | (3) | - | - | 1 |
| Pension reserve | (382) | - | (63) | - | 107 | (338) |
| | <u>(270)</u> | <u>1,387</u> | <u>(1,415)</u> | <u>(4)</u> | <u>107</u> | <u>(195)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Inherited on conversion | 2,590 | - | (54) | - | - | 2,536 |
| DfE/ESFA Capital grants | 6 | 7 | (2) | - | - | 11 |
| Capital expenditure from GAG | 30 | - | (10) | 4 | - | 24 |
| | <u>2,626</u> | <u>7</u> | <u>(66)</u> | <u>4</u> | <u>-</u> | <u>2,571</u> |
| Total restricted funds | <u>2,356</u> | <u>1,394</u> | <u>(1,481)</u> | <u>-</u> | <u>107</u> | <u>2,376</u> |
| Total of funds | <u>2,407</u> | <u>1,438</u> | <u>(1,525)</u> | <u>-</u> | <u>107</u> | <u>2,427</u> |

VIEWLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2018 £000 |
|-------------------------------------|---|---------------------|-----------------------|-----------------------------|----------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| Unrestricted general funds | 51 | 92 | (87) | - | - | 56 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 112 | 2,090 | (1,991) | (17) | - | 194 |
| Pupil Premium | - | 355 | (355) | - | - | - |
| PE & Sports Grant | - | 27 | (27) | - | - | - |
| Other DfE/ESFA grants | - | 58 | (58) | - | - | - |
| Other Government grants | - | 226 | (226) | - | - | - |
| Other grants | - | 4 | (4) | - | - | - |
| Pension reserve | (382) | - | (108) | - | 202 | (288) |
| | <u>(270)</u> | <u>2,760</u> | <u>(2,769)</u> | <u>(17)</u> | <u>202</u> | <u>(94)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Inherited on conversion | 2,590 | - | (108) | - | - | 2,482 |
| DfE/ESFA Capital grants | 6 | 14 | (6) | - | - | 14 |
| Capital expenditure from GAG | 30 | - | (19) | 17 | - | 28 |
| CIF | - | 112 | - | - | - | 112 |
| | <u>2,626</u> | <u>126</u> | <u>(133)</u> | <u>17</u> | <u>-</u> | <u>2,636</u> |
| | <u>2,356</u> | <u>2,886</u> | <u>(2,902)</u> | <u>-</u> | <u>202</u> | <u>2,542</u> |
| Total of funds | <u><u>2,407</u></u> | <u><u>2,978</u></u> | <u><u>(2,989)</u></u> | <u><u>-</u></u> | <u><u>202</u></u> | <u><u>2,598</u></u> |

VIEWLEY HILL ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. STATEMENT OF FUNDS (continued)

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.

PE & Sports Grant must be spent on improving physical education and sport.

Other DfE/ESFA grants includes universal infant free school meals funding.

Other Government grants include Early Years 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 costs allocated accordingly.

Transfers of £13,000 were made from General Annual Grant for the purchase of fixed assets during the year.

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 2018.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Restricted fixed asset funds 2018 £000 | Total funds 2018 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets | - | - | 2,636 | 2,636 |
| Current assets | 56 | 321 | - | 377 |
| Creditors due within one year | - | (127) | - | (127) |
| Provisions for liabilities and charges | - | (288) | - | (288) |
| | <u>56</u> | <u>(94)</u> | <u>2,636</u> | <u>2,598</u> |

VIEWLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

COMPARATIVE INFORMATION IN RESPECT OF THE PRECEDING PERIOD IS AS FOLLOWS :

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds |
|--|-----------------------|---------------------|------------------------------------|----------------|
| | 2017 £000 | 2017 £000 | 2017 £000 | 2017 £000 |
| Tangible fixed assets | - | - | 2,571 | 2,571 |
| Current assets | 51 | 227 | - | 278 |
| Creditors due within one year | - | (84) | - | (84) |
| Provisions for liabilities and charges | - | (338) | - | (338) |
| | <u>51</u> | <u>(195)</u> | <u>2,571</u> | <u>2,427</u> |

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

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Net income/(expenditure) for the year (as per Statement of Financial Activities) | 76 | (87) |
| Adjustment for: | | |
| Depreciation charges | 67 | 66 |
| (Increase)/decrease in debtors | (16) | 14 |
| Increase in creditors | 43 | 14 |
| Capital grants from DfE and other capital income | (119) | (7) |
| Defined benefit pension scheme cost less contributions payable | 45 | 63 |
| Net cash provided by operating activities | <u>96</u> | <u>63</u> |

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £000 | 2017 £000 |
|--------------|--------------|--------------|
| Cash in hand | 306 | 223 |
| Total | <u>306</u> | <u>223</u> |

VIEWLEY HILL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2016.

Contributions amounting to £5,000 were payable to the schemes at 31 August 2018 (2017 - 15,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £84,000 (2017 - £81,000).

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).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £54,000 (2017 - £56,000), of which employer's contributions totalled £40,000 (2017 - £41,000) and employees' contributions totalled £14,000 (2017 - £15,000). 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:

| | 2018 | 2017 |
|--|---------|---------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 3.00 % | 3.00 % |
| Rate of increase for pensions in payment / inflation | 2.00 % | 2.00 % |
| Inflation assumption (CPI) | 2.00 % | 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:

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.9 | 22.8 |
| Females | 25.0 | 24.9 |
| Retiring in 20 years | | |
| Males | 25.1 | 25.0 |
| Females | 27.3 | 27.2 |

| | At 31 August 2018 £000 | At 31 August 2017 £000 |
|--|------------------------------|------------------------------|
| Sensitivity analysis | | |
| Discount rate +0.1% | 1,119 | 1,036 |
| Discount rate -0.1% | 1,171 | 1,084 |
| Mortality assumption - 1 year increase | 1,112 | 1,028 |
| Mortality assumption - 1 year decrease | 1,178 | 1,092 |
| CPI rate +0.1% | 1,163 | 1,076 |
| CPI rate -0.1% | 1,128 | 1,044 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2018 £000 | Fair value at 31 August 2017 £000 |
|------------------------------|--|--|
| Equities | 626 | 571 |
| Corporate bonds | - | 1 |
| Property | 66 | 46 |
| Cash and other liquid assets | 154 | 92 |
| Other | 11 | 12 |
| Total market value of assets | <u>857</u> | <u>722</u> |

The actual return on scheme assets was £44,000 (2017 - £276,000).

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

| | 2018 £000 | 2017 £000 |
|----------------------|--------------|--------------|
| Current service cost | (77) | (97) |
| Interest income | 19 | 8 |
| Interest cost | (27) | (15) |
| Total | <u>(85)</u> | <u>(104)</u> |

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

| | 2018 £000 | 2017 £000 |
|------------------------------------|--------------|--------------|
| Opening defined benefit obligation | 1,060 | 728 |
| Current service cost | 77 | 97 |
| Interest cost | 27 | 15 |
| Employee contributions | 14 | 15 |
| Actuarial (gains)/losses | (70) | 161 |
| Benefits paid | 37 | 44 |
| Closing defined benefit obligation | <u>1,145</u> | <u>1,060</u> |

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. PENSION COMMITMENTS (continued)

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

| | 2018 £000 | 2017 £000 |
|-------------------------------------|--------------|--------------|
| Opening fair value of scheme assets | 722 | 346 |
| Expected return on assets | 19 | 8 |
| Actuarial gains | 25 | 268 |
| Employer contributions | 40 | 41 |
| Employee contributions | 14 | 15 |
| Benefits paid | 37 | 44 |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | 857 | 722 |
| | <hr/> | <hr/> |

19. OPERATING LEASE COMMITMENTS

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

| | 2018 £000 | 2017 £000 |
|----------------------------|--------------|--------------|
| AMOUNTS PAYABLE: | | |
| Within one year | 6 | 5 |
| Between one and five years | 18 | 1 |
| | <hr/> | <hr/> |
| Total | 24 | 6 |
| | <hr/> | <hr/> |

20. MEMBERS' LIABILITY

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

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21. 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transactions

Rose Wood Academy - an academy in which H C Malbon and P Cowley (Trustees) are Governors:

- The academy was recharged costs incurred by Rose Wood Academy totalling £nil (2017: £532) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The Bungalow Project - a charity in which L E Sinclair is also a Trustee:

- The academy purchased support services from The Bungalow Project totalling £75 (2017: £2,425) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

Cornerstones Education Limited - a limited company in which L Sinclair's daughter is a Director:

- The academy purchased support services from Cornerstones Education Limited, totalling £400 (2017: £300) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

Income Related Party Transactions

Rose Wood Academy - an academy in which H C Malbon and P Cowley (Trustees) are Governors:

- The academy recharged costs incurred to Rose Wood Academy totalling £1,167 (2017: £501) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The Bungalow Project - a charity in which L E Sinclair is also a Trustee:

- The academy provided hire of facilities to The Bungalow Project totalling £30 (2017: £30) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

In entering into the above transactions the trust has complied with the requirements of the Academies Financial Handbook.

