

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

P L Bowler (appointed 25 September 2019)
J Bruce
K Maughan (resigned 25 September 2019)
L E Sinclair (appointed 25 September 2019)
Rev K E Stone

Trustees

Rev K E Stone, Chair & Community Trustee^{1,2}
W Atkinson, Staff Trustee (resigned 12 June 2019)¹
P L Bowler, Community Trustee (resigned 12 June 2019)¹
P Cowley, Community Trustee
G Dorman-Smith, Community Trustee²
H C Malbon, Headteacher & Accounting Officer^{1,2}
J Measor, Community Trustee¹
R L Moffatt, Community Trustee²
L Shadforth, Staff Trustee (resigned 12 June 2019)²
L E Sinclair, Community Trustee (resigned 12 June 2019)²
J C Thirkell, Parent Trustee¹
R Small (appointed 8 October 2019)

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 (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors

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

Bankers

Lloyds Bank plc
83-85 Linthorpe Road
Middlesbrough
TS1 5BU

Solicitors

Muckie 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 2019

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the 1st September 2018 to 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a directors' report under company law.

The academy operates 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 236 and 27 FTE in the school census dated May 2019.

Structure, Governance and Management

Constitution

The academy 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. 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-officio. 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. 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.

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 Governor 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.

Organisational Structure

During the period 1st September 2018 to 31st August 2019 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Organisational Structure (continued)

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, Assistant Headteacher and School Business Manager 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 academy.

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

All Members and Trustees are required to declare any business interests that may impact on the academy.

Details of transactions with Related Parties during the reporting period are in note 22 to the Financial Statements.

Objectives and Activities

Objects and Aims

- Viewley Hill Academy serves an area of high social and economic deprivation; school deprivation factor 0.51 compared to national of 0.21.
- Average SEN Support: 12.2 compared to 12.4 nationally.
- Significantly above average percentage of Ever 6 FSM: 59.3% compared to 23.5% 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 learning and pastoral needs. The academy also offers its pupils a wide range of activities and experiences beyond the academic, with coaching in various sports, participation in musical activities, educational visits and residential outdoor experience.

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

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, Strategies and Activities

The main objectives of the academy for the period 1st September 2018 to 31st August 2019 are summarised below:

- Increase percentage of pupils in each year group achieving combined age related standards in Reading, Writing and Maths;
- Strengthen provision for emotional literacy, developing pupil resilience and personal development;
- Develop the wider curriculum by improving teacher knowledge and expertise in foundation subjects.

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.

Strategic Report

Achievements and Performance

The academy is increasingly popular with an increased roll over the past five years. Outcomes at the end of KS2 improved year on year (2012 – 2017) leading to achievement in line with, and in some measures above, national from starting points acknowledged by Ofsted to be below average. Outcomes in 2018 and 2019 were lower than in previous years due to cohort complexities. However, progress is largely in line with national outcomes.

Key Performance Indicators

OUTCOMES 2019

EARLY YEARS

ELG Reading <i>National 2018 77%</i>		ELG Writing <i>National 2018 74%</i>		ELG Number <i>National 2018 80%</i>		Good Level of Development <i>National 2018 72%</i>	
2018	2019	2018	2019	2018	2019	2018	2019
66%	82%	69%	72%	84%	77%	66%	72%

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Key Performance Indicators (continued)

PHONICS SCREENING CHECK

Year 1 <i>National 2018 82%</i>		Year 2 <i>National 2018 92%</i>	
2018	2019	2018	2019
88%	81%	95%	100%

KEY STAGE 1

Reading <i>National 2018 75%</i>		Writing <i>National 2018 70%</i>		Maths <i>National 2018 76%</i>		Combined	
2018	2019	2018	2019	2018	2019	2018	2019
64%	78%	64%	75%	69%	75%	64%	72%

KEY STAGE 2

Reading <i>National 2018 75%</i>		Writing <i>National 2018 78%</i>		Maths <i>National 2018 76%</i>		Combined <i>National 2018 64%</i>	
2018	2019	2018	2019	2018	2019	2018	2019
50%	59%	67%	70%	54%	78%	50%	48%

KS1-KS2 PROGRESS				Progress scores are centred around 0, with most schools within the range of -5 to +5. <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 positive score means pupils in this school on average do better at KS2 as those with similar prior attainment nationally.
	2017	2018	2019	
R	+1.5	-0.6	-0.09	
W	+4.5	+3.2	+0.75	
M	+1.7	+0.6	-0.09	

Going Concern

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

Financial 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 2019 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Financial Review (continued)

During the year ended 31 August 2019, total expenditure of £1,541,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding fixed asset funds) was £22,000.

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

At 31 August 2019 net book value of fixed assets was £2,666,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £582,000 recognised on the balance sheet.

The academy held fund balances as at 31 August 2019 of £2,273,000 comprising £2,211,000 of restricted funds, including £(582,000) deficit on the pension reserves, and £62,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves plus unrestricted funds as at 31 August 2019 was £189,000.

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 unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £50,000.

The academy's current level of free reserves are in surplus by £62,000 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) re-development of playgrounds; and
- b) increasing car parking space.

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 is a limited amount on deposit and the interest on them is negligible.

Principal Risks and Uncertainties

The principal risks and uncertainties are centred 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 a 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 academy faces especially in the

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Financial Review (continued)

Principal Risks and Uncertainties (continued)

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
- Easter Raffle

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

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

Plans for Future Periods

During the period 1st September 2018 to 31st August 2019 two further classrooms and connected shared areas were re-carpeted ensuring that all teaching bases now have the same quality flooring.

Staffroom facilities were upgraded providing a clean and fresh space for staff non-contact time. In addition, a dedicated PPA room was created in the staffroom ensuring that staff can work undisturbed and with appropriate privacy/confidentiality.

Central courtyard was completely redeveloped, removing all paving stones which were a persistent maintenance task and replacing with resin. In addition, artificial lawn has replaced planters and borders creating attractive low maintenance areas for the children to use.

SmartScreen TVs were installed in all teaching areas, replacing outdated interactive whiteboards.

The academy has identified the following areas for future development 2019-20:

- Replacement blinds in upper hall
- Improvements to Early Years and KS1 playgrounds (surface and capacity)
- Increasing car parking space
- Additional expert teaching in KS2 through non classed based AHT in order to impact standards

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Funds Held as Custodian Trustee on Behalf of Others

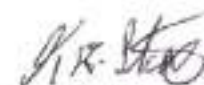
None.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 11 December 2019 and signed on the Board's 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 Trustees meet their responsibilities for risk management, having effective internal controls and the efficient and effective use of funds. The Finance and Resources Committee is therefore part of the financial governance arrangements of the academy. The audit committee acts on the authority delegated to it by the Trustees and has appropriate terms of reference and a clear reporting line to that body.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. In addition each committee has met 3 times. The Board met less than 6 times due to the clearly established committees/portfolio groups of Trustees who can deal with specific areas of responsibility following robust terms of reference.

Attendance during the year at meetings of the Board of Trustees was as follows:

FULL GOVERNING BODY

The Full Governing Board met on four occasions (27 September 2018, 23 January 2019, 6 March 2019, 12 June 2019) during the period of the 2018/2019 academic year.

Trustee	Meetings attended	Out of a possible
Rev K E Stone, Chair & Community Trustee	4	4
W Atkinson, Staff Trustee	1	4
P L Bowler, Community Trustee	2	4
P Cowley, Community Trustee	4	4
G Dorman-Smith, Community Trustee	3	4
H C Malbon, Headteacher & Accounting Officer	4	4
J Measor, Community Trustee	1	4
R L Moffatt, Community Trustee	3	4
L E Sinclair, Community Trustee	1	4
L Shadforth, Staff Trustee	2	4
J C Thirkell, Parent Trustee	4	4
R Small	0	0

For Information

- P L Bowler and L E Sinclair resigned with effect from 12 June 2019.
- L Shadforth and W Atkinson resigned with effect from 12 June 2019 following a review of Trustee composition and a decision by the Board to not have staff Trustees other than the Headteacher.
- 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 3 occasions (14 November 2018, 13 February 2019 and 19 June 2019) during the 2018/19 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; and
- Carry out the functions of an audit committee.

Attendance at meetings of the Finance and Resources Committee were as follows:

Trustee	Meetings attended	Out of a possible
J Measor, Chair	3	3
H C Malbon, Headteacher	3	3
Rev K E Stone	3	3
P C Bowler	1	3
J Thirkell	1	1
W Atkinson	2	2

For Information

- J Lowe, School Business Manager attended meetings in an advisory capacity.
- C Scaife (AHT) attended meetings as an observer as part of CPD for NPQH.
- W Atkinson resigned with effect from 12 June 2019.

SCHOOL IMPROVEMENT COMMITTEE

The School Improvement Committee met on 3 occasions (20 November 2018, 6 March and 10 July 2019) during the 2018/2019 academic year.

Trustee	Meetings attended	Out of a possible
G Dorman-Smith, Chair	3	3
H Malbon, Headteacher	3	3
R Moffatt	3	3
Rev K E Stone	3	3
L Sinclair	1	3
L Shadforth	2	2

For Information

- L Shadforth resigned with effect from 12 June 2019.

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.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

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 available. 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 and staffing levels in order to achieve the best possible educational outcomes for children.

Attainment at the end of the Early Years increased in 2019 and is in line with national outcomes for 2018. This is particularly pleasing given the below average starting points of our cohorts on their entry to nursery.

Attainment in Key Stage 1 has been a particular focus for the academy over the last 3 to 5 years as children were not making as good progress as we expected. Staffing instability contributed to this and so a key strategy has been to strengthen the teaching team and leadership through the deployment of the DHT into KS1 and this year adding two new teachers to the team. Results have been improved in the last 3 years with outcomes in 2019 comfortably above national average in 2018 and sustaining the improved trend.

Phonics outcomes are also a strength of the school and are in line with national outcomes at Y1 and above at Y2.

Outcomes at expected standard in reading, writing and maths were improved on 2018 and narrowed the gap with national outcomes. Writing and maths are just 5% below national averages. Over 50% of the cohort qualified for additional time in national assessments due to processing speed. 29% of the cohort were identified SEND and 19% arrived during Y5 or Y6. A further 15% arrived earlier in KS2. In a small cohort of 27, 9 new children is a significant proportion. Reading was lower and the gap with national significant: 14%. This impacted on overall combined which was 48%, 17% lower than national.

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 Academies Financial Handbook. The outcomes of this audit have been reviewed by the Accounting Officer and the Finance and Resources 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 2018-19

- Trustees consulted on courtyard redevelopment and agreed to replace total surface area with new hard wearing materials.
- Trustees consulted on upgrades to classroom hardware and agreed to full replacement of interactive white boards.

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 2018-19

- Change of provider for HR Advisory Services – Viewley Hill Academy moved away from LA service to a private provider. This was a timely decision since the LA subsequently withdrew its service. Viewley Hill Academy was unaffected by any interruption in service that could have occurred.
- Change of energy supplier to secure existing costs as to remain with current provider would have resulted in an increase in costs.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 2018 to 31 August 2019 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 2018 to 31 August 2019 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed Kier Education Services as the academy's 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 internal auditor 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 noted above. Action arising from last period's recommendation was a suggestion that the date of information provided regarding Trustees Interests is published on the website. The annual update date has been added to the relevant website page.

Recommendations to be actioned during the period 1st September 2019 to 31st August 2020: none identified. Kier Education have ceased to provide this service and VHA will be retaining Clive Owen as Internal Auditor from 1st September 2019.

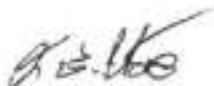
Review of effectiveness

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:

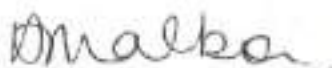
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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 ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on their behalf by:



K E Stone
Chair



H C Malbon
Accounting Officer

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Viewley Hill Academy I have considered my responsibility to notify the academy Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy 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.

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

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
11 December 2019

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies Accounts Direction published 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 2018 to 2019;
- 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 DfE/ESFA 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 11 December 2019 and signed on its behalf by:



K E Stone
Chair

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 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 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 2018 to 2019 issued by the Education & 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.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

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. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the 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.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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.

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

11 December 2019

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw 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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has 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

11 December 2019

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	5	-	18	23	122
Charitable activities		19	1,380	-	1,399	1,389
Other trading activities		32	-	-	32	29
Total income		<u>56</u>	<u>1,380</u>	<u>18</u>	<u>1,454</u>	<u>1,540</u>
Expenditure on:						
Charitable activities		50	1,408	83	1,541	1,464
Total expenditure		<u>50</u>	<u>1,408</u>	<u>83</u>	<u>1,541</u>	<u>1,464</u>
Net income/(expenditure)		<u>6</u>	<u>(28)</u>	<u>(65)</u>	<u>(87)</u>	<u>76</u>
Transfers between funds	15	-	(95)	95	-	-
Net movement in funds before other recognised gains/(losses)		<u>6</u>	<u>(123)</u>	<u>30</u>	<u>(87)</u>	<u>76</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	20	-	(238)	-	(238)	95
Net movement in funds		<u>6</u>	<u>(361)</u>	<u>30</u>	<u>(325)</u>	<u>171</u>
Reconciliation of funds:						
Total funds brought forward		56	(94)	2,636	2,598	2,427
Net movement in funds		6	(361)	30	(325)	171
Total funds carried forward		<u>62</u>	<u>(455)</u>	<u>2,666</u>	<u>2,273</u>	<u>2,598</u>

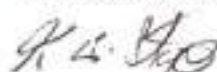
VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	12	2,666	2,636
		<u>2,666</u>	<u>2,636</u>
Current assets			
Debtors	13	89	71
Cash at bank and in hand		162	306
		<u>251</u>	<u>377</u>
Creditors: amounts falling due within one year	14	(62)	(127)
Net current assets		<u>189</u>	<u>250</u>
Total assets less current liabilities		<u>2,855</u>	<u>2,886</u>
Net assets excluding pension liability		<u>2,855</u>	<u>2,886</u>
Defined benefit pension scheme liability	20	(582)	(288)
Total net assets		<u><u>2,273</u></u>	<u><u>2,598</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	15	2,666	2,636
Restricted income funds	15	127	194
		<u>2,793</u>	<u>2,830</u>
Restricted funds excluding pension asset	15	2,793	2,830
Pension reserve	15	(582)	(288)
Total restricted funds	15	<u>2,211</u>	<u>2,542</u>
Unrestricted income funds	15	<u>62</u>	<u>56</u>
Total funds		<u><u>2,273</u></u>	<u><u>2,598</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 22 to 48 were approved by the Trustees, and authorised for issue on 11 December 2019 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 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(49)	96
Cash flows from investing activities	18	(95)	(13)
Change in cash and cash equivalents in the year		(144)	83
Cash and cash equivalents at the beginning of the year		306	223
Cash and cash equivalents at the end of the year	19	<u>162</u>	<u>306</u>

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Viewley Hill Academy meets the definition of a public benefit entity under 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy'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

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

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

• Other income

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

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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.

• **Charitable activities**

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

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 and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, 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	- 125 years
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 2019

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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions

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

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. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 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 the funders where the asset acquired or created is held for a specific purpose.

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

VIEWLEY HILL ACADEMY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy 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 20, 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 2019. 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.

LGPS accounting estimates

There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £19,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £5,000 which has been assessed to be immaterial to the financial statements.

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 £83,000.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment (continued)

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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	5	-	5	3
Capital Grants	-	18	18	119
	<u>5</u>	<u>18</u>	<u>23</u>	<u>122</u>
Total 2018	<u>3</u>	<u>119</u>	<u>122</u>	

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4. Funding for the academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,010	1,010	1,022
Pupil Premium	-	185	185	172
PE Teacher Grant	-	18	18	18
UIFSM	-	22	22	25
Rates	-	2	2	3
Other DfE Group grants	-	17	17	-
	-	1,254	1,254	1,240
Other government grants				
SEN	-	5	5	9
Early Years Funding	-	114	114	108
Local Authority grants	-	7	7	16
	-	126	126	133
Other funding				
Student Trips	6	-	6	6
Student Catering	13	-	13	10
	19	1,380	1,399	1,389
Total 2018	16	1,373	1,389	

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FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Non student catering income	1	1	1
Receipts from supply teaching insurance claims	21	21	11
Sundry Income	10	10	17
	<u>32</u>	<u>32</u>	<u>29</u>

All income from other trading activities was attributable to unrestricted funds for the year ended 31 August 2018.

6. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	976	-	91	1,067	991
Allocated support costs	115	177	182	474	473
	<u>1,091</u>	<u>177</u>	<u>273</u>	<u>1,541</u>	<u>1,464</u>
Total 2018	<u>1,025</u>	<u>185</u>	<u>254</u>	<u>1,464</u>	

In 2019, of the total expenditure, £50,000 (2018 - £43,000) was to unrestricted funds and £1,491,000 (2018 - £1,421,000) 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	1,067	474	1,541	1,464
Total 2018	991	473	1,464	

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	976	916
Educational supplies	61	55
Staff development	6	3
Technology costs	4	4
Educational consultancy	20	12
	1,067	991

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	7	8
Staff costs	115	109
Depreciation	83	67
Technology costs	17	24
Supply insurance	12	14
Transport	1	4
Maintenance of premises	9	4
Cleaning	36	41
Other premises costs	15	35
Energy	23	19
Rent & rates	12	10
Catering	84	90
Other insurance premiums	8	9
Operating lease rentals	6	6
Security	6	2
Other costs	14	9
Governance costs	26	22
	<u>474</u>	<u>473</u>

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	6	6
Depreciation of tangible fixed assets	83	67
Fees paid to auditors for:		
- audit	6	5
- other services	3	4
	<u>92</u>	<u>82</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	816	780
Social security costs	68	56
Pension costs	177	161
	<hr/> 1,061	<hr/> 997
Agency staff costs	30	28
	<hr/> 1,091	<hr/> 1,025

Staff restructuring costs comprise:

Included in pension costs is a charge of £49,000 (2018: £37,000) 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:

	2019 No.	2018 No.
Teachers	10	11
Administration and support	26	26
Management	6	4
	<hr/> 42	<hr/> 41

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy 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 was £310,000 (2018: £343,000).

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
H C Malbon, Accounting Officer	Remuneration	60 - 65	60 - 65
	Pension contributions paid	10 - 15	10 - 15
L C Robson, Staff Trustee	Remuneration	-	25 - 30
	Pension contributions paid	-	0 - 5
H Turley, Staff Trustee	Remuneration	-	10 - 15
	Pension contributions paid	-	0 - 5
L Shadforth, Staff Trustee	Remuneration	25 - 30	25 - 30
	Pension contributions paid	0 - 5	0 - 5
W Atkinson, Staff Trustee	Remuneration	10 - 15	10 - 15
	Pension contributions paid	0 - 5	0 - 5

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

11. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,000 (2018 - £nil).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. Tangible fixed assets

	Leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2018	2,857	72	31	2,960
Additions	-	65	48	113
At 31 August 2019	<u>2,857</u>	<u>137</u>	<u>79</u>	<u>3,073</u>
Depreciation				
At 1 September 2018	251	42	31	324
Charge for the year	56	12	15	83
At 31 August 2019	<u>307</u>	<u>54</u>	<u>46</u>	<u>407</u>
Net book value				
At 31 August 2019	<u>2,550</u>	<u>83</u>	<u>33</u>	<u>2,666</u>
At 31 August 2018	<u>2,606</u>	<u>30</u>	<u>-</u>	<u>2,636</u>

13. Debtors

	2019 £000	2018 £000
VAT recoverable	27	25
Prepayments and accrued income	62	46
	<u>89</u>	<u>71</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	7	65
Other taxation and social security	17	-
Other creditors	16	5
Accruals and deferred income	22	67
	<u>62</u>	<u>127</u>
	2019 £000	2018 £000
Deferred Income		
Deferred income at 1 September 2018	14	16
Resources deferred during the year	13	14
Amounts released from previous periods	(14)	(16)
Deferred income at 31 August 2019	<u>13</u>	<u>14</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Unrestricted general funds	56	56	(50)	-	-	62
Restricted general funds						
General Annual Grant (GAG)	194	1,010	(982)	(95)	-	127
Pupil Premium	-	185	(185)	-	-	-
Other DfE/ESFA grants	-	59	(59)	-	-	-
SEN	-	5	(5)	-	-	-
Other Government grants	-	121	(121)	-	-	-
Pension reserve	(288)	-	(56)	-	(238)	(582)
	(94)	1,380	(1,408)	(95)	(238)	(455)
Restricted fixed asset funds						
Inherited on conversion	2,482	-	(54)	-	-	2,428
DfE/ESFA Capital grants	14	18	(6)	-	-	26
Capital expenditure from GAG	28	-	(20)	95	-	103
CIF	112	-	(3)	-	-	109
	2,636	18	(83)	95	-	2,666
Total Restricted funds	2,542	1,398	(1,491)	-	(238)	2,211
Total funds	2,598	1,454	(1,541)	-	(238)	2,273

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. 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.

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 20.

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 £95,000 (2018: £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 it could carry forward at 31 August 2019.

VIEWLEY HILL ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15. Statement of funds (continued)

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

	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 general funds						
General Annual Grant (GAG)	142	1,022	(957)	(13)	-	194
Pupil Premium	-	172	(172)	-	-	-
PE Teacher grant	-	18	(18)	-	-	-
Rates	-	28	(28)	-	-	-
Other DfE/ESFA grants	-	133	(133)	-	-	-
SEN	1	-	(1)	-	-	-
Pension reserve	(338)	-	(46)	-	95	(288)
	(195)	1,373	(1,354)	(13)	95	(94)
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
	2,571	119	(67)	13	-	2,636
Total Restricted funds	2,376	1,492	(1,421)	-	95	2,542
Total funds	2,427	1,540	(1,464)	-	95	2,598

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	2,666	2,666
Current assets	62	189	-	251
Creditors due within one year	-	(62)	-	(62)
Provisions for liabilities and charges	-	(582)	-	(582)
Total	62	(455)	2,666	2,273

Analysis of net assets between funds - prior year

	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)
Total	56	(94)	2,636	2,598

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £000	2018 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(87)	76
Adjustments for:		
Depreciation	83	67
Capital grants from DfE and other capital income	(18)	(119)
Defined benefit pension scheme cost less contributions payable	49	37
Defined benefit pension scheme finance cost	7	8
Increase in debtors	(18)	(16)
(Decrease)/increase in creditors	(65)	43
Net cash (used in)/provided by operating activities	(49)	96

18. Cash flows from investing activities

	2019 £000	2018 £000
Purchase of tangible fixed assets	(113)	(132)
Capital grants from DfE Group	18	119
Net cash used in investing activities	(95)	(13)

19. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	162	306
Total cash and cash equivalents	162	306

20. Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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

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NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments (continued)

Contributions amounting to £16,000 were payable to the schemes at 31 August 2019 (2018 - £ -) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies 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 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £82,000 (2018 - £84,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £61,000 (2018 - £54,000), of which employer's contributions totalled £46,000 (2018 - £40,000) and employees' contributions totalled £ 15,000 (2018 - £14,000). The agreed contribution rates for future years are 17.5% 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

	2019 %	2018 %
Rate of increase in salaries	3.10	3.00
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.10	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:

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.9	22.9
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	25.7	27.3

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	1,490	1,119
Discount rate -0.1%	1,559	1,171
Mortality assumption - 1 year increase	1,472	1,112
Mortality assumption - 1 year decrease	1,576	1,178
CPI rate +0.1%	1,547	1,163
CPI rate -0.1%	1,501	1,128

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20. Pension commitments (continued)

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	719	626
Property	79	66
Cash and other liquid assets	120	154
Other	24	11
Total market value of assets	942	857

The actual return on scheme assets was £34,000 (2018 - £44,000).

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

	2019 £000	2018 £000
Current service cost	(76)	(77)
Past service cost	(19)	-
Interest income	25	19
Interest cost	(32)	(27)
Total amount recognised in the Statement of Financial Activities	(102)	(85)

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

	2019 £000	2018 £000
At 1 September	1,145	1,060
Current service cost	76	77
Interest cost	32	27
Employee contributions	15	14
Actuarial losses/(gains)	247	(70)
Benefits paid	(10)	37
Past service costs	19	-
At 31 August	1,524	1,145

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	857	722
Expected return on assets	25	19
Actuarial gains	9	25
Employer contributions	46	40
Employee contributions	15	14
Benefits paid	(10)	37
At 31 August	<u>942</u>	<u>857</u>

21. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Amounts Payable:		
Within one year	6	6
Between one and five years	12	18
Total	<u>18</u>	<u>24</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. Related party transactions

Owing to the nature of the academy 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, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy'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

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

- The academy purchased support services from Comerstones Education Limited, totalling £450 (2018: £400) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

The academy made the purchase at arms' length.

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 £40 (2018: £1,167) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

In entering into the above transactions the academy has complied with the requirements of the Academies Financial Handbook 2018.