

**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

Ian Pogue  
Amanda Browne  
Jane Ireland  
Susan Hawkins

**Trustees**

Adrian Ayland<sup>2</sup>  
Laura Berry (appointed 5 February 2018)<sup>2</sup>  
Amanda Browne<sup>1,2,4,5</sup>  
Sarah Cockin<sup>2</sup>  
Jill Evans (resigned 31 August 2018)<sup>3</sup>  
Ahmed Ginwalla (appointed 12 December 2017)<sup>1</sup>  
Susan Hawkins<sup>1,4,5</sup>  
Jane Ireland, Vice Chair of Trustees<sup>3,5</sup>  
Richard Johnson, Headteacher<sup>1,2,3,4,5</sup>  
Jane McDonnell<sup>2</sup>  
Ian Pogue<sup>1,3,5</sup>  
Vania Seymour (appointed 12 December 2017)<sup>3</sup>  
Steve Wilson<sup>1</sup>  
Paul Wilson (appointed 14 September 2018)  
Richard Wallace<sup>3</sup>  
Julie Williamson (appointed 25 September 2017)<sup>3</sup>  
Robert Rankin<sup>1</sup>  
Neil Wynn<sup>2</sup>

- <sup>1</sup> Resources Committee
- <sup>2</sup> Curriculum and Achievement Committee
- <sup>3</sup> Children, Families and Community Committee
- <sup>4</sup> Steering Committee
- <sup>5</sup> Audit Committee

**Company registered  
number**

07705465

**Company name**

Severn Vale School

**Principal and registered  
office**

School Lane  
Quedgeley  
Gloucester  
Gloucestershire  
GL2 4PR

**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Company secretary** Julia Atkinson

**Accounting Officer** Richard Johnson

**Senior Leadership Team**

Richard Johnson, Headteacher  
Ben Wakeford, Deputy Head  
Kirsten Prescott, Deputy Head  
Stefan Horton, Deputy Head  
Mitchell Littlegray, Assistant Head  
Mark Nichols, Assistant Head  
Louise Kingscott, Business Manager (until Jan 2018)  
Julia Atkinson, Business Manager (from Feb 2018)

**Independent auditors** Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

**Bankers** Lloyds Bank plc  
Gloucester  
Gloucestershire  
GL1 1NU

**Solicitors** Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Quedgeley, Gloucester. It has a pupil capacity of 1,175 and had a roll of 1,180 in the school census on 31 May 2018.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy is a company limited by guarantee and an exempt charity and was incorporated and opened as an Academy on 14th July 2011. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Severn Vale School are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

The Academy is constituted under a Memorandum of Association dated 14 July 2011. As part of the funding agreement the Academy is required to have its financial statements audited each year even though it may otherwise be entitled to exemption under Section 477 of the Companies Act 2006.

The Academy also has to adhere to the rules and regulations as laid down by the Education & Skills Funding Agency and the Department for Education. The management of the Academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. These require the members of the charitable company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The Academy is an exempt charity (under amendments in the Finance Act 2011) and is entitled to the same exemptions as a registered charity.

The principal object of the Academy is to advance, for the public benefit, education for students of different abilities between the ages of 11 and 16, by pursuing excellence at every opportunity, driving standards up relentlessly and ensuring that every member of staff works tirelessly towards delivering our vision of becoming "an outstanding academy, the best in Gloucester City".

**Members' liability**

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

**Trade union facility time**

During the year the school did not have any employees who were relevant union officials.

**Trustees' indemnities**

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £5,000,000.

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

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**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

The Academy's Board of Trustees comprises of: 7 Parent Trustees, 1 Local Authority Trustee; 4 Staff Trustees, one of which is the Head (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 8 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 8 Trustees who are appointed by members
- up to 1 LA Trustee who is appointed by the Local Authority
- up to 7 Parent Trustees who are elected by parents of registered pupils at the Academy
- up to 3 Staff Trustees elected by staff employed by the Academy
- the Headteacher who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, and Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

All Trustees access Induction Training, they are provided with copies of relevant procedures, minutes and other documents that they need to undertake their role.

**Organisational Structure**

The Board of Trustees has established a number of sub-committees (Audit; Resources, Curriculum and Achievement; Children, Family and Community and Steering), to review policies and performance of the Academy in all areas.

Every member of the Board of Trustees is encouraged to sit on at least one sub-committee. The Headteacher also attends every sub-committee meeting along with other members of the Academy's Senior Management Team as appropriate. Reports from each of the sub-committees are received and discussed at every meeting of the full Board of Trustees.

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

The Senior Management Team of the Academy comprises the Headteacher, 3 Deputy Headteachers, 2 Assistant Headteachers and Business Manager. The team controls the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the leadership team are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students. They are also responsible for authorisation of spending within agreed budgets and the appointment of staff.

The Headteacher is the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees consider the Board of Trustees and the Senior Leadership Team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year other than staff Trustees who receive remuneration as employees and not for their role as Trustees.

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

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Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

**Connected Organisations, including Related Party Relationships**

The Academy has strengthened the links with its partner primary schools by forming a partnership entitled the Quedgeley Learning Community (QLC). The vision is clear: QLC believes in working together to provide an outstanding educational experience which benefits young people, parents and an entire community.

This is about more than simply strengthening the primary/secondary transition although that is clearly an additional benefit. It is about a family of schools saying that only the very best will do, not just for one institution, but for an entire community. This has involved:

- shared CPD
- sharing expertise both within and across phases
- offered enrichment and extension activities both within and across phases

These activities have enabled individual schools and students to benefit from improved and enhanced provision.

The Friends of Severn Vale (FoSV) are an enthusiastic and dedicated group of parents who are working with the Academy to raise funds for the benefit of the students. To support the Academy and further develop facilities, the FoSV organise a variety of events and activities.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

In accordance with the Articles of Association the company has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The main objectives of the Academy's Financial Plan during the period ended 31 August 2018 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

**Objectives, Strategies and Activities**

The Academy has continued to strive to improve levels of academic performance and has rigorous targets and monitoring strategies in place to achieve this.

The quality of teaching across the Academy is consistently good and, in a number of areas, is outstanding as evidenced by a variety of Quality Assurance (QA) activities and student outcomes.

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

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The majority of teachers are subject specialists and they are increasingly reflective in their practice. Enhancements to the way in which teachers are supported in professional development have provided teachers with more time and further opportunities to engage with evidence based, subject specific and pedagogical material, research and collaborative, cross curricular development. The impact of this is being seen in lesson observations which show teachers are planning lessons which more consistently deepen pupils' knowledge and understanding.

Relationships between pupils and staff are a significant strength of the Academy and overwhelmingly lessons are characterised by a positive climate for learning. The vast majority of pupils are engaged in the classroom and are increasingly demonstrating a love of learning and enquiring minds.

Expectations of pupils are high in most subject areas and the Academy is actively encouraging a culture of excellence through assemblies and other activities both in and outside the classroom to ensure that all students aspire to be the best they can be.

The Academy has a profound belief in partnership working and systems leadership. The Academy works in collaboration with a number of other schools and organisations to improve outcomes and extend learning opportunities for all students. In particular, the creation of the QLC has improved the transition process, providing far greater information about each incoming cohort in particular regarding vulnerable and at risk students.

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

This is reflected in the Academy's primary purpose which is to advance, for the public benefit, education for pupils of different abilities between the ages of 11 and 16.

**STRATEGIC REPORT**

**Achievements and Performance**

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

In its most recent inspection in 2016 Ofsted concluded that the Academy was a Good school with outstanding features.

Commenting that Severn Vale School was moving rapidly towards outstanding, the inspectors awarded the following inspection grades:

The Academy had a section 8 inspection in January 2016. This visit confirmed that the school remained "good". The inspectors confirmed that the school's "senior leaders and governors have an accurate understanding of the strengths of the school and of what needs to be improved further to ensure that all teaching and learning are at the very high level you expect."

**Exam Results:**

Results have been transformed in recent years. Historically the Academy did not have a positive reputation. In the 1990s only 11% of students gained 5+ GCSEs (A\*-C).



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

<b>Assessment</b>	<b>Inspection Grade</b>
Overall effectiveness: how good is the school	2
The school's capacity for sustained improvement	2
Outcomes for individuals and groups of students	2
The quality of teaching	2
The effectiveness of leadership and management in embedding ambition and driving improvement	2
The effectiveness of the Board of Trustees in challenging and supporting the school	2
The extent to which students feel safe	2
Students' behaviour	2
The extent to which students contribute to the school and wider community	1
The extent of students' spiritual, moral, social and cultural development	1
The effectiveness of care, guidance and support	1

<b>Year</b>	<b>% 5+ A* - C (EM)</b>
2011	55
2012	65
2013	67
2014	66
2015	65
2016	55

<b>Year</b>	<b>% 4+ (EM)</b>
2017	66
2018	64

2018 was another year of significant change on the exam front with the introduction of the new, more challenging 9 – 1 GCSEs for a second wave of subjects. What hasn't changed is the ability of Severn Vale students to rise to a challenge and deliver strong results. In English over 73% of students achieved a 4+ grade, 54% a 5+ grade and over 20% 7+ grades. In Maths over 73% achieved a 4+ grade, 50% a 5+ grade and over 15% 7+ grades. Combined, 64% of students achieved 4+ grades in English and Maths with 40% achieving 5+ grades in both subjects.

Across a number of subjects students achieved superb results. In Citizenship, over 56% of students achieved 7+ grades; in Music 40% of the grades were Distinctions or Distinction \*s; in Biology 40% achieved 7+ grades; in Chemistry and Physics 30% achieved 7+ grades; in Combined Science the proportion of students achieving 4 + grades improved by 20%.

#### **Key Performance Indicators**

The number of students is a key performance indicator for the Academy as the majority of funding received is based on student numbers. The Academy currently has an admission number of 235, equating to an 8 form entry. Sustaining that 8 form entry is a key task and the fact that Severn Vale is heavily oversubscribed reflects the transformation that the Academy has undergone in recent years. The reputation of the Academy has been significantly enhanced amongst the community. With effect from September 2018 the Academy will be increasing its admission number to 265 moving to a 9 form of entry to address the shortage of basic needs places in this area.

#### **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 Going Concern policy.

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

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**FINANCIAL REVIEW**

**Financial Review**

The Academy's financial objectives are:

- to achieve a consistently balanced budget on a long term basis;
- to manage funding available for the benefit of current learners; and
- to invest in the maintenance and renewal of the Academy's facilities and infrastructure to provide excellent learning and teaching facilities.

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for capital expenditure from the ESFA. Such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2018, total expenditure (excluding the restricted fixed asset fund) of £6,879,688 was funded by recurrent grant funding from the ESFA together with other incoming resources. The deficit for the year (excluding restricted fixed asset funds) was £155,565.

At 31 August 2018 the net book value of fixed assets was £12,531,339 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The Academy operates a defined benefit pension scheme for support staff and is therefore required to recognise the assets and liabilities of the pension fund on its Balance Sheet. The Academy has obtained a valuation report from its actuaries, Hymans Robertson LLP, which shows that at 31 August 2018 the scheme has assets of £2,602,000 and liabilities of £4,879,000 with a pension deficit of £2,277,000. The Trustees recognise that this is not a significant issue as the scheme has a large number of active and contributing members. This liability is therefore expected to reduce steadily as scheme member contributions continue.

**Reserves Policy**

The Trustees review the reserve levels of the Academy regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees aim to carry forward 2% of the Academy's annual revenue funding to maintain the staffing structure where possible and level of resources available for students' learning. The Academy's total reserves are £10,343,488, of which £12,608,327 is invested in fixed assets and a deficit of £2,277,000 represents the pension liability. The remaining reserves represents an over spend on GAG funding of £127,718.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**Investment Policy**

Bank balances in excess of the Academy's cash flow requirements are invested in accordance with the following rules:

- Money will only be placed with financial institutions who are considered to be "safe" having good credit ratings and in countries known to be stable.

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

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- Consideration should be given to spreading the risk of any bank defaulting by spreading deposits across more than one financial institution.
- To maximise income level.
- The length of investment must not compromise Academy cash flow.
- All investments must be approved in advance by the Headteacher and Chair of Trustees and reported at the next Resources Committee meeting

**Principal Risks And Uncertainties**

**Risk Management:**

The Trustees have given consideration to the major risks to which the Academy is exposed, in particular those relating to teaching and learning, the provision of facilities and other operational areas, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces. They have introduced systems, including operational procedures (e.g. vetting of new staff, visitor entry system) and internal financial controls in order to minimise risk. Adequate insurance cover is in place where significant financial risk still remains. Trustees are satisfied that these systems are consistent with guidelines.

**Financial and Risk Management Objectives and Policies:**

The Academy continues to undertake work to further develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

**1. Government funding**

The Academy has considerable reliance on continued government funding through the ESFA. In the period under review over 91% of the Academy's recurring revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**2. Pupil Numbers**

There is significant housing growth in the local area which combined with the Academy's enhanced reputation, means that we are heavily oversubscribed on an annual basis. An annual review of staffing structures and cost is carried out, with adjustments made as necessary. All of the decisions affecting expenditure are made with due regard to Best Value. 'The four Cs' also inform all decision making:

- **Challenge:**

Both the Academy and the Board of Trustees have been rigorous in challenging the standards of the delivery to secure continuous improvement. With the budget clearly linking to the Improvement Plan and SMART targets throughout, the emphasis on challenge and aspiration is maintained.

- **Compare:**

The Improvement Plan is the product of wide-ranging bench-marking, with data being used to identify areas for improvement. That bench-marking, comparing the Academy with similar schools, both locally and nationally, is an exercise regularly repeated in the cycle of monitoring, evaluation and review.

- **Consult:**

The Improvement Plan is the product of widespread consultation with all stakeholders involved in the learning partnership. With Trustees, staff, students and parents involved, the notion of "ownership" has been directly addressed.

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

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- **Compete:**

The Academy ensures that goods and services are purchased subject to competitive quotes.

**3. Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. Whilst this shows a large liability, the Trustees do not believe this poses any risk to the Academy as the pension scheme has many contributing members and is underwritten by the Government in the event that the Academy fails. The liability is therefore anticipated to reduce steadily.

**FUNDRAISING**

We work closely with our Friends of Severn Vale group, who fundraise for Severn Vale School and help to fund additional curricular activities for our students such as Duke of Edinburgh Award equipment and Poetry Slam events. FOSV also contribute towards equipment in school such as modular staging.

As a school we participate in national and local fundraising campaigns such as Children in Need and Comic Relief and a local charity, Teen in Crisis.

Individual groups of students also hold in-house events such as cake sales and raffles to help toward their praise events.

Staff operate a subs scheme, tuck shop and a 'bonus ball' competition to contribute towards staff refreshments as well as individual gifts for staff when they leave or have significant celebrations.

We have a link with the national FareShare scheme where we are able to collect food with limited shelf-life to help run our breakfast club for vulnerable students.

Any complaints would be handled in line with our complaints procedure.

**PLANS FOR FUTURE PERIODS**

The Academy has a clear improvement plan clearly linked to its self-evaluation. The Academy knows itself well and has targeted improvement in the following key areas:

**Leadership & Management:**

- Further develop and embed the culture of high expectation and aspiration amongst students, parents and staff so that it permeates every aspect of school life
- Embed the effective leadership of disadvantaged students
- Develop a culture of active leadership at all levels
- Deliver the build project on time and budget and minimise the impact on teaching & learning
- Reduce the school's revenue deficit with a view to delivering a balanced budget by 2019-20
- Continue to develop and refine a personalised system of professional development for staff

**Personal development, behaviour and attendance:**

- Work with students to ensure there is a climate for learning and that they are ready to learn
- Work with students to achieve further improvements in the standards of uniform and appearance
- Refine attendance systems and management processes to deliver improved outcomes, in particular with FSM6 students
- Further develop FSM6 support systems
- Develop staff and student well-being systems

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

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Teaching, learning and assessment:

- Further develop the whole school approach to knowledge-based curricula through: schemes of learning; homework; knowledge testing; interleaving; contextualisation and elaboration
- Further refine department assessment systems to ensure that feedback is timely, accurate, relevant and truly formative
- Continue to develop the functional literacy and academic writing skills with staff and students via the "How Language Works" programme
- Implement the ALN Improvement Plan

Outcomes:

- Improve the Academy's Attainment 8 score
- Improve the proportion of all students achieving the highest grades across all subjects
- Reduce the attainment gap between disadvantaged students and their peers
- Reduce in-school variation at Key Stage 4 with a particular focus on variation by gender

The Academy also has a clear Premises Development Plan which is being delivered in conjunction with the Local Authority. A key element of this is dealing with the projected increases in student numbers and the increase to the Planned Admissions Number (PAN) in September 2018. Work on the £5 Million project funded under s106 agreement is now underway and is scheduled to complete in March 2019 with the first increase pupil intake to be received in September 2018. We have also made a successful bid for CIF funding, which will repair and refurbish flat roofs in the school. The project commenced August 2018 and is due for completion October 2018.

**AUDITORS**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as company directors, on 11/12/2018 and signed on the board's behalf by:



**Amanda Browne  
Chair of Trustees**

## **GOVERNANCE STATEMENT**

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### **SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Severn Vale School 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 Severn Vale School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
Adrian Ayland	5	6
Laura Berry	3	4
Amanda Browne	6	6
Sarah Cockin	5	6
Jill Evans	2	6
Ahmed Ginwalla	3	5
Susan Hawkins	6	6
Jane Ireland, Vice Chair of Trustees	6	6
Richard Johnson, Headteacher	6	6
Jane McDonnell	4	6
Ian Pogue	5	6
Vania Seymour	4	5
Steve Wilson	5	6
Richard Wallace	1	6
Julie Williamson	5	6
Robert Rankin	6	6
Neil Wynn	4	6

The members of the Academy conducted a self-evaluation check at their Steering Committee meeting in July 2018. Targets were set for the forthcoming year.

The Resources Committee is a sub-committee of the main Board of Trustees, its purpose is to aid the main Board of Trustees in monitoring finance, premises and IT decisions.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Amanda Browne	5	6
Ahmed Ginwalla	3	4
Susan Hawkins	5	6
Richard Johnson	6	6
Ian Pogue	6	6
Robert Rankin	5	6
Steve Wilson	6	6

**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

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

- Targeting the FSM/Pupil Premium students with additional one to one tuition in English and Maths to support them
- Continuing to enhance their pastoral support with the use of Deputy Year Team Leaders in years 7-11 to support the Year Team Leaders with pastoral work with students, freeing the time of year team leaders up to have learning and supporting one to one sessions with key pupils
- Focusing on narrowing the gap between pupils by way of additional support and resources in Academy to allow them to achieve the best possible outcomes for them
- Assigning additional resources for science, as this is a key subject area for improvement, resulting in improvements being made across KS4
- Reducing staffing with reassignment of roles and responsibilities within the Administration Support Team
- Stipulating that the finance officer pursues best value for money when purchasing goods for the Academy
- Introducing prepayment and accrual accounting into the Academy ensuring better control and tracking of budget performance through the year
- Achieving significant savings in both Cover and Staff development costs by the use of delivering a scheme of in house training and development and managing staff absences effectively
- Meeting with the Trustees' Resources Committee on a termly basis to go through and review the Academy budget with the School Business Manager/Company Secretary. The Trustees have also appointed Bishop Fleming, the external auditors to undertake additional checks on a termly basis
- Where practically possible, buying the Academy its resources in cost effective quantities i.e. bulk printer cartridges, paper etc. thus taking advantage of lower prices. Negotiation takes place annually with the Academy's paper supplier to agree an annual price per ream of paper, giving the Academy best value for money
- Undertaking benchmarking with other Gloucestershire schools to ascertain where best/better value can be achieved, such as joint staff appointments, keeping costs for schools to a minimum
- Reviewing all contracts/services on an annual basis.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Severn Vale School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**GOVERNANCE STATEMENT (continued)**

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

The reviewer'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 included:

- Testing of the Academy's credit card control systems
- Testing of the Academy's purchase systems
- Testing of the Academy's bank reconciliations

Three times a year, the auditors report to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The agreed schedule of check was delivered and no material control issues were identified.

In addition, the Trustees have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly, they have set policies on internal controls which cover the following:

- the type of risks the Academy faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the Senior Leadership Team to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;
- clarified the responsibility of the Senior Leadership Team to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy;
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.



**GOVERNANCE STATEMENT (continued)**

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**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 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 11/12/18 and signed on their behalf, by:



**Amanda Browne  
Chair of Trustees**



**Richard Johnson  
Accounting Officer**

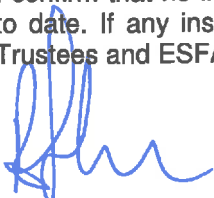
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Severn Vale School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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.



**Richard Johnson  
Accounting Officer**

11/12/18

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

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

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

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

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

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

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

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



**Amanda Browne  
Chair of Trustees**

**Date:** 11/12/18

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SEVERN VALE SCHOOL**

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**OPINION**

We have audited the financial statements of Severn Vale School (the 'Academy') for the year ended 31 August 2018 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

**BASIS FOR OPINION**

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

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 1.3 in the financial statements, which explains that the Academy has negative free reserves of £127,718. The Board of Trustees has set a budget for 2018/19 that will attempt to reduce this deficit and are working on a three year recovery plan that will return the Academy to a surplus position. The budget that has been set is going to be challenging to achieve. As stated in note 1.3, these events or conditions, along with the other matters as set forth in the note 1.3 indicate that a material uncertainty exists that may cast doubt on the Academy ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**OTHER INFORMATION**

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

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.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SEVERN VALE SCHOOL**

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**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 (incorporates the Strategic Report and Director's Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SEVERN VALE SCHOOL**

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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**USE OF OUR REPORT**

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



David Butler FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 18 Dec 2018

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SEVERN  
VALE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 14 May 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Severn Vale School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF SEVERN VALE SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Severn Vale School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SEVERN  
VALE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David Butler FCA DChA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

Date: 18 December 2018



**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	5,230	302,933	23,778	331,941	317,136
Charitable activities	3	265,900	6,125,575	-	6,391,475	6,430,661
Other trading activities	4	24,270	-	-	24,270	18,826
Investments	5	215	-	-	215	425
<b>TOTAL INCOME</b>		<b>295,615</b>	<b>6,428,508</b>	<b>23,778</b>	<b>6,747,901</b>	<b>6,767,048</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		295,615	6,584,073	325,194	7,204,882	7,378,501
<b>TOTAL EXPENDITURE</b>	6	<b>295,615</b>	<b>6,584,073</b>	<b>325,194</b>	<b>7,204,882</b>	<b>7,378,501</b>
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		-	(155,565)	(301,416)	(456,981)	(611,453)
Actuarial gains on defined benefit pension schemes	21	-	428,000	-	428,000	264,000
<b>NET MOVEMENT IN FUNDS</b>		<b>-</b>	<b>272,435</b>	<b>(301,416)</b>	<b>(28,981)</b>	<b>(347,453)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		-	(2,537,274)	12,909,743	10,372,469	10,719,922
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>(2,264,839)</b>	<b>12,608,327</b>	<b>10,343,488</b>	<b>10,372,469</b>

The notes on pages 26 to 46 form part of these financial statements.

**SEVERN VALE SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07705465**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		12,531,339		12,778,977
<b>CURRENT ASSETS</b>					
Debtors	14	422,464		408,405	
Cash at bank and in hand		67,162		143,649	
		<u>489,626</u>		<u>552,054</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(400,477)		(481,562)	
<b>NET CURRENT ASSETS</b>			89,149		70,492
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,620,488		12,849,469
Defined benefit pension scheme liability	21		(2,277,000)		(2,477,000)
<b>NET ASSETS</b>			<u>10,343,488</u>		<u>10,372,469</u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	17	12,161		(60,274)	
Fixed asset funds	17	12,608,327		12,909,743	
		<u>12,620,488</u>		<u>12,849,469</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(2,277,000)</u>		<u>(2,477,000)</u>	
Total restricted funds			10,343,488		10,372,469
<b>TOTAL FUNDS</b>			<u>10,343,488</u>		<u>10,372,469</u>

The financial statements on pages 23 to 46 were approved by the Trustees, and authorised for issue, on 11/12/18 and are signed on their behalf, by:



**Amanda Browne**  
**Chair of Trustees**

The notes on pages 26 to 46 form part of these financial statements.

**SEVERN VALE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	<b>(319,371)</b>	<b>(500,101)</b>
<b>Cash flows from investing activities:</b>			
Interest received		<b>215</b>	<b>425</b>
Purchase of tangible fixed assets		<b>(77,556)</b>	<b>(212,688)</b>
Capital grants from DfE/ESFA/LA		<b>320,225</b>	<b>298,811</b>
<b>Net cash provided by investing activities</b>		<b>242,884</b>	<b>86,548</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(76,487)</b>	<b>(413,553)</b>
Cash and cash equivalents brought forward		<b>143,649</b>	<b>557,202</b>
<b>Cash and cash equivalents carried forward</b>	20	<b>67,162</b>	<b>143,649</b>

The notes on pages 26 to 46 form part of these financial statements.

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

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**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 GENERAL INFORMATION**

Severn Vale School is a company limited by guarantee, incorporated in England and Wales. The registered office is School Lane, Quedgeley, Gloucester, Gloucestershire, GL2 4PR and the registered number is 07705465.

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Severn Vale School constitutes a public benefit entity as defined by FRS 102.

**1.3 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.

The Academy currently has negative free reserves of £127,718. The Board of Trustees are working on a three year recovery plan that aims to return the Academy to a surplus position. The reductions in expenditure that have been budgeted for next year can only be achieved by making significant savings to staffing which should be accomplished by the recruitment undertaken at the end of the 2017/18 academic year. In addition, there were a number of one-off large costs that were incurred in 2017/18 that will not occur in 2018/19, such as the inflated levels of staff active and current cost.

The Board of Trustees are aware that the reductions to expenditure planned will be challenging to deliver. As a result of this the Board of Trustees have created an audit committee to provide an additional level of oversight to ensure that planned savings are realised. These accounts have still been prepared on a going concern basis as the Trustees consider that the plans in progress will ensure that the Academy will be able to continue as a going concern.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

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

Grants are included in the Statement of Financial Activities 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 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 unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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

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

**1.5 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 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 apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 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.

On conversion the Academy was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

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 land	-	125 years straight line
Long term leasehold buildings	-	20 and 50 years straight line
Furniture and fixtures	-	10 years straight line
Computer equipment	-	3 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

**1.7 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**1.8 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 and cash on deposit that has a notice period of less than 30 days.

**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.9 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.

**1.10 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.11 TAXATION**

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

**1.12 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**1. ACCOUNTING POLICIES (continued)**

The LGPS is a funded 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 net income/expenditure 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.

**1.13 FUND ACCOUNTING**

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.



**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.14 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**1.15 OPERATING LEASES**

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

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	5,230	-	-	5,230	5,727
Capital grants	-	282,314	23,778	306,092	298,811
Restricted trip income	-	20,619	-	20,619	12,598
	<b>5,230</b>	<b>302,933</b>	<b>23,778</b>	<b>331,941</b>	<b>317,136</b>
Total 2017	5,727	12,598	298,811	317,136	

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	5,669,530	5,669,530	5,682,710
Pupil premium	-	320,225	320,225	336,581
	-	5,989,755	5,989,755	6,019,291
<b>Other Government grants</b>				
High Needs	-	98,538	98,538	143,099
Other Government grants	-	37,282	37,282	14,550
	-	135,820	135,820	157,649
<b>Other funding</b>				
Internal catering income	185,143	-	185,143	135,582
Income for hosting trainee teachers	14,935	-	14,935	63,410
Sales to students	26,549	-	26,549	17,271
Music tuition, trip income and other income	39,273	-	39,273	37,458
	265,900	-	265,900	253,721
	265,900	6,125,575	6,391,475	6,430,661
Total 2017	253,721	6,176,940	6,430,661	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	11,928	-	11,928	6,110
Consultancy	12,342	-	12,342	12,716
	24,270	-	24,270	18,826
Total 2017	18,826	-	18,826	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	215	-	215	425
Total 2017	425	-	425	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education					
Direct costs	4,711,067	230,401	537,033	5,478,501	5,640,157
Support costs	598,437	294,796	833,148	1,726,381	1,738,344
	5,309,504	525,197	1,370,181	7,204,882	7,378,501
Total 2017	5,358,400	674,931	1,345,170	7,378,501	

**7. DIRECT COSTS**

	Total 2018 £	Total 2017 £
Pension finance costs	42,000	36,000
Educational supplies	240,671	398,439
Examination fees	107,237	87,868
Staff development	22,278	35,132
Educational trips	64,664	32,817
Supply teachers	88,895	56,331
Wages and salaries	3,539,739	3,641,610
National insurance	350,318	355,083
Pension cost	732,115	709,077
Depreciation	290,584	287,800
	5,478,501	5,640,157
Total 2017	5,640,157	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. SUPPORT COSTS**

	<b>Total 2017 £</b>	<b>Total 2017 £</b>
Pension finance costs	22,000	19,000
Recruitment and support	9,089	29,778
Maintenance of premises and equipment	207,729	99,081
Cleaning	115,881	106,653
Rent and rates	42,178	50,608
Energy costs	93,339	94,644
Insurance	51,839	55,924
Catering	260,414	225,776
Technology costs	193,094	267,077
Office overheads	24,393	68,785
Legal and professional	56,895	66,970
Bank interest and charges	52	65
Governance	16,431	21,539
Wages and salaries	417,169	426,299
National insurance	32,642	34,939
Pension cost	148,626	135,061
Depreciation	34,610	36,145
	<b>1,726,381</b>	<b>1,738,344</b>
	<b>1,726,381</b>	<b>1,738,344</b>
Total 2017	<b>1,738,344</b>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018 £</b>	<b>2017 £</b>
Depreciation of tangible fixed assets:		
- owned by the Academy	325,194	323,945
Auditors' remuneration	8,800	8,550
Auditors' remuneration - non-audit	6,387	4,250
Operating lease rentals:		
- Plant and machinery	32,487	45,571

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**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,956,908	4,053,807
Social security costs	382,960	390,022
Operating costs of defined benefit pension schemes	880,741	844,138
	<b>5,220,609</b>	<b>5,287,967</b>
Agency staff costs	88,895	56,331
Staff restructuring costs	-	14,102
	<b>5,309,504</b>	<b>5,358,400</b>
Staff restructuring costs comprise:		
Redundancy payments	-	6,002
Severance payments	-	8,100
		<b>14,102</b>

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

In the prior year, severance payments includes one payment for a non-contractual settlement. Both the redundancy payment and severance payment were funded from GAG.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	67	69
Administration and Support	62	66
Management	7	6
	<b>136</b>	<b>141</b>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	62	63
Administration and Support	47	48
Management	7	6
	<b>116</b>	<b>117</b>

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**10. STAFF COSTS (continued)**

**d. Higher paid staff**

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>3</b>	<b>2</b>
In the band £70,001 - £80,000	<b>0</b>	<b>1</b>
In the band £80,001 - £90,000	<b>1</b>	<b>0</b>

**e. Key management personnel**

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £558,328 (2017: £512,593).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

**11. TRUSTEES' REMUNERATION AND EXPENSES**

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: Richard Johnson: Remuneration £80,000 - £85,000 (2017: £75,000 - £80,000), Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000), Jill Evans: Remuneration £50,000 - £55,000 (2017: £55,000 - £60,000), Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000), Jane McDonnell: Remuneration £25,000 - £30,000 (2017: £25,000 - £30,000), Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000), Julie Williamson: Remuneration £40,000 - £45,000 (2017: £Nil), Employer's pension contributions £5,000 - £10,000 (2017: £Nil).

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £93 to 1 Trustee).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,661 (2017: £1,667).

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**13. TANGIBLE FIXED ASSETS**

	Long term leasehold land and buildings £	Furniture and fixtures £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2017	14,064,743	253,487	468,641	14,786,871
Additions	-	45,565	31,991	77,556
At 31 August 2018	14,064,743	299,052	500,632	14,864,427
<b>DEPRECIATION</b>				
At 1 September 2017	1,589,394	38,778	379,722	2,007,894
Charge for the year	257,962	26,436	40,796	325,194
At 31 August 2018	1,847,356	65,214	420,518	2,333,088
<b>NET BOOK VALUE</b>				
At 31 August 2018	12,217,387	233,838	80,114	12,531,339
At 31 August 2017	12,475,349	214,709	88,919	12,778,977

**14. DEBTORS**

	2018 £	2017 £
Trade debtors	12,850	29,469
Other debtors	-	2,407
Prepayments and accrued income	334,170	301,395
VAT recoverable	75,444	75,134
	<u>422,464</u>	<u>408,405</u>

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

	2018 £	2017 £
Trade creditors	124,452	190,425
Other taxation and social security	97,236	100,704
Other creditors	5,370	100,759
Accruals and deferred income	173,419	89,674
	<u>400,477</u>	<u>481,562</u>

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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	2018 £	2017 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	59,268	-
Resources deferred during the year	89,377	59,268
Amounts released from previous years	(59,268)	-
	<u>89,377</u>	<u>59,268</u>
Deferred income at 31 August 2018	<u>89,377</u>	<u>59,268</u>

Deferred income includes monies received in advance for school trips taking place in 2017/18.

**16. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
Financial assets measured at amortised cost	<u>272,130</u>	<u>265,181</u>
Financial liabilities measured at amortised cost	<u>(157,916)</u>	<u>(358,815)</u>

Financial assets measured at amortised cost comprise trade debtors, accrued income and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.



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**17. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>UNRESTRICTED FUNDS</b>					
General Funds	-	295,615	(295,615)	-	-
<b>RESTRICTED FUNDS</b>					
General Annual Grant (GAG)	(60,274)	5,669,530	(5,736,974)	-	(127,718)
High Needs	-	98,538	(98,538)	-	-
Rates relief	-	36,273	(36,273)	-	-
Pupil Premium	-	303,160	(303,160)	-	-
Donations	-	20,619	(20,619)	-	-
Year 7 catch up	-	18,074	(18,074)	-	-
Condition Improvement Fund	-	282,314	(142,435)	-	139,879
Pension reserve	(2,477,000)	-	(228,000)	428,000	(2,277,000)
	<u>(2,537,274)</u>	<u>6,428,508</u>	<u>(6,584,073)</u>	<u>428,000</u>	<u>(2,264,839)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Restricted Fixed Asset Funds	12,400,756	-	(253,865)	-	12,146,891
Fixed assets purchased from GAG	195,409	-	(35,927)	-	159,482
Fixed assets purchased from ESFA and LA capital grants	313,578	23,778	(35,402)	-	301,954
	<u>12,909,743</u>	<u>23,778</u>	<u>(325,194)</u>	<u>-</u>	<u>12,608,327</u>
Total restricted funds	<u>10,372,469</u>	<u>6,452,286</u>	<u>(6,909,267)</u>	<u>428,000</u>	<u>10,343,488</u>
Total of funds	<u>10,372,469</u>	<u>6,747,901</u>	<u>(7,204,882)</u>	<u>428,000</u>	<u>10,343,488</u>

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

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**17. STATEMENT OF FUNDS (continued)**

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

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received from the Local Authority to fund further support for students with additional needs.

Rates relief - Funding received from the ESFA for the reimbursement of business rates costs.

Pupil Premium - Funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Donations - Contributions towards the costs of educational trips.

Year 7 catch up - Funding to assist pupils who did not achieve at least level 4 in reading and/or mathematics at Key Stage 2.

Condition Improvement Fund - Funding received from the ESFA for direct expenditure to be used on building repairs and maintenance to the school.

Pension reserve - The Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Restricted Fixed Asset Funds represents fixed assets transferred on conversion and assets purchased from other restricted funds.

Fixed assets purchased from GAG represents amounts spent on fixed assets from the GAG funding received from the ESFA.

Fixed assets purchased from ESFA and LA capital grants represents amounts spent on fixed assets from capital grants received from the ESFA and LA.

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. This limit was not exceeded.

The Academy is carrying a net deficit of £126,846 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reasons.

The costs incurred by the Academy during the year exceeded those budgeted and there were a number of one-off costs that were incurred that will not be recurring in 2018/19.

The Academy is taking the following action to return these funds to surplus:

The Academy has undertaken a cost cutting exercise and set a budget in order to return these funds to a surplus position. See accounting policy 1.3 for more details.

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**17. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>GENERAL FUNDS</b>						
General Funds	373,688	274,280	(647,968)	-	-	-
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	-	5,682,710	(5,698,341)	(44,643)	-	(60,274)
High Needs	-	143,099	(143,099)	-	-	-
Rates relief	-	36,898	(36,898)	-	-	-
Pupil Premium	-	296,455	(296,455)	-	-	-
Donations	-	17,017	(17,017)	-	-	-
Year 7 catch up	-	17,778	(17,778)	-	-	-
Pension reserve	(2,544,000)	-	(197,000)	-	264,000	(2,477,000)
	<u>(2,544,000)</u>	<u>6,193,957</u>	<u>(6,406,588)</u>	<u>(44,643)</u>	<u>264,000</u>	<u>(2,537,274)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Restricted Fixed Asset Funds	12,655,307	-	(254,551)	-	-	12,400,756
Fixed assets purchased from GAG	205,411	-	(54,645)	44,643	-	195,409
Fixed assets purchased from ESFA and LA capital grants	29,516	298,811	(14,749)	-	-	313,578
	<u>12,890,234</u>	<u>298,811</u>	<u>(323,945)</u>	<u>44,643</u>	<u>-</u>	<u>12,909,743</u>
Total restricted funds	<u>10,346,234</u>	<u>6,492,768</u>	<u>(6,730,533)</u>	<u>-</u>	<u>264,000</u>	<u>10,372,469</u>
Total of funds	<u>10,719,922</u>	<u>6,767,048</u>	<u>(7,378,501)</u>	<u>-</u>	<u>264,000</u>	<u>10,372,469</u>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,531,339	12,531,339
Current assets	94,747	317,891	76,988	489,626
Creditors due within one year	(94,747)	(305,730)	-	(400,477)
Pension scheme liability	-	(2,277,000)	-	(2,277,000)
	-	(2,264,839)	12,608,327	10,343,488

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,778,977	12,778,977
Current assets	67,209	354,079	130,766	552,054
Creditors due within one year	(67,209)	(414,353)	-	(481,562)
Provisions for liabilities and charges	-	(2,477,000)	-	(2,477,000)
	-	(2,537,274)	12,909,743	10,372,469

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(456,981)	(611,453)
<b>Adjustment for:</b>		
Depreciation charges	325,194	323,945
Interest received	(215)	(425)
Increase in debtors	(14,059)	(138,366)
(Decrease)/increase in creditors	(81,085)	28,009
Capital grants from DfE and other capital income	(320,225)	(298,811)
Defined benefit pension scheme cost less contributions payable	164,000	142,000
Defined benefit pension scheme finance cost	64,000	55,000
<b>Net cash used in operating activities</b>	<b>(319,371)</b>	<b>(500,101)</b>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash at bank and in hand	67,162	143,649
	<b>67,162</b>	<b>143,649</b>

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**21. PENSION COMMITMENTS**

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

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

Contributions amounting to £Nil were payable to the schemes at 31 August 2018 (2017: 85,810) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £462,764 (2017: £461,149).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The

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**21. PENSION COMMITMENTS (continued)**

trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £315,000 (2017: £300,000), of which employer's contributions totalled £256,000 (2017: £240,000) and employees' contributions totalled £56,000 (2017: £60,000). The agreed contribution rates for future years are 26.3% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.4 years	22.4 years
Females	24.6 years	24.6 years
Retiring in 20 years		
Males	24.0 years	24.0 years
Females	26.4 years	26.4 years

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,796,000	1,597,000
Debt instruments	546,000	421,000
Property	208,000	155,000
Cash and other liquid assets	52,000	45,000
<b>Total market value of assets</b>	<b>2,602,000</b>	<b>2,218,000</b>

The actual return on scheme assets was £120,000 (2017: £303,866).

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**21. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Current service cost	(420,000)	(382,000)
Interest income	59,000	38,000
Interest cost	(123,000)	(93,000)
Total	(484,000)	(437,000)
Actual return on scheme assets	119,692	303,866

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

	2018 £	2017 £
Opening defined benefit obligation	4,695,000	4,255,000
Current service cost	420,000	382,000
Interest cost	123,000	93,000
Employee contributions	59,000	60,000
Actuarial gains	(358,000)	(40,000)
Benefits paid	(60,000)	(55,000)
Closing defined benefit obligation	4,879,000	4,695,000

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

	2018 £	2017 £
Opening fair value of scheme assets	2,218,000	1,711,000
Interest income	59,000	38,000
Actuarial losses	70,000	224,000
Employer contributions	256,000	240,000
Employee contributions	59,000	60,000
Benefits paid	(60,000)	(55,000)
Closing fair value of scheme assets	2,602,000	2,218,000

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**22. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	<b>32,487</b>	36,216
Between 1 and 5 years	<b>64,975</b>	75,804
Total	<b>97,462</b>	112,020

**23. RELATED PARTY TRANSACTIONS**

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

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

**24. MEMBERS' LIABILITY**

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