

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**



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

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**VIEWLEY HILL ACADEMY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Members**

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

**Trustees**

Rev K E Stone, Chair & Community Trustee  
K Barkley, Headteacher & Accounting Officer from 1 September 2020 (appointed 1 September 2020)  
P Cowley, Community Trustee  
G Dorman-Smith, Chair of SIC & Community Trustee  
H C Malbon, Headteacher & Accounting Officer to 31 August 2020 (resigned 31 August 2020)  
J Measor, Chair of F&R & Community Trustee (resigned 20 January 2020)  
R L Moffatt, Community Trustee  
R Small, Parent Trustee (appointed 8 October 2019)  
J C Thirkell, Parent Trustee, Chair of F&R (from 11 February 2020)

**Company registered number**

08803858

**Company name**

Viewley Hill Academy

**Principal and registered office**

Andover Way  
Hemlington  
Middlesbrough  
TS8 9HL

**Senior Leadership Team**

H Malbon, Headteacher to 31 August 2020  
K Barkley, Headteacher from 1 September 2020  
S Gardiner, Deputy Headteacher  
C Scaife, Assistant Headteacher  
J Lowe, Business Manager

**Independent auditors**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Bankers**

Lloyds Bank plc  
Albert Road  
Middlesbrough  
TS1 2PP

**Solicitors**

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

**VIEWLEY HILL ACADEMY**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 2 to 11 serving a catchment in Middlesbrough in the north east of England. It has a pupil capacity of 273 with a 26 FTE nursery and a roll of 247 and 22 FTE in the school census dated May 2020.

**Structure, Governance and Management**

**Constitution**

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

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**Members' Liability**

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

**Trustees' Indemnities**

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

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

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Headteacher or any post ex-officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Headteacher of the academy is a Trustee. The Members appoint up to six community trustees. The Parent Trustees are elected by parents of registered pupils at the academy and must be a parent of a registered pupil at the academy at the time of appointment.

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

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Structure, Governance and Management (continued)**

**Organisational Structure**

During the period 1st September 2019 to 31st August 2020 the academy operated a two layer management structure: the Board of Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and to encourage involvement in decision making at all levels.

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

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

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

The Academy Pay Policy sets out in detail the arrangements for setting pay and remuneration of key management personnel. The policy applies to employees of the academy. Only Staff Trustees and the Senior Leadership Team receive pay from the academy as they are employees of the academy. The Trustees have an established committee to carry out determinations of pay in accordance with this policy.

In addition there is a Governor Allowances Policy which sets out the conditions which enable a Trustee to request a payment in respect of expenditure necessarily incurred for the purpose of enabling the trustee or member to perform their governance duty.

**Related parties and other connected charities and organisations**

All Members and Trustees are required to declare any business interests that may impact on the academy. Details of transactions with Related Parties during the reporting period are in note 24 to the Financial Statements.

**Objectives and Activities**

**Objects and Aims**

- Viewley Hill Academy serves an area of high social and economic deprivation; school deprivation factor 0.51 compared to national of 0.21.
- Average SEN Support: 13.1 compared to 12.6 nationally
- Significantly above average percentage of Ever 6 FSM: 56.6% compared to 23% nationally.

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

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

- To advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, and
- to promote for the benefit of inhabitants of Middlesbrough and the surrounding areas the provision of facilities for sport, recreation or other leisure time occupation of individuals who have need of such facilities

**VIEWLEY HILL ACADEMY**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Objectives and Activities (continued)**

by reason of their youth, age, infirmity or disablement, poverty, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving conditions of life of the said inhabitants

**Objectives, Strategies and Activities**

- The main objectives of the academy for the period 1st September 2019 to 31st August 2020 are summarised below:
- Increase combined attainment at expected standard in all year groups with a specific focus on reading;
- Revise overview map and supporting documents for Cycle A of wider curriculum ensuring reading is integral to learning;
- Ensure that all children are effectively supported to behave well and reflect the Viewley Values in a variety of contexts;

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

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

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 2 and 11.

**Public Benefit**

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Strategic Report**

**Achievements and Performance**

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

Due to the Covid-19 Pandemic, the academic year was cut short for the vast majority of pupils between March 20th and June 1st. In this period school remained open to children of key workers and to children supported by a social worker. School maintained this provision throughout the Easter and May holidays. From June 1st school began a wider opening programme and succeeded in welcoming back 132 children. Nursery, Reception, Y1, Y2, Y5 and Y6 had discrete provision. Provision was sustained in two Priority Groups for children of key workers and children supported by a social worker. Some of these children were in Y3 and Y4.

Due to the pandemic national tests and assessments were not undertaken. Therefore, the academy does not have a full data set to report. However, pupil progress continued to be monitored during the summer term and spring data was used to inform predicted outcomes:

**Key Performance Indicators**

**PREDICTED OUTCOMES 2020**

| <b>EARLY YEARS</b> | <b>2019</b> | <b>2020</b> | <b>Commentary</b>   |
|--------------------|-------------|-------------|---|
| GLD                | 72%         | 54%         | Significantly weak cohort   |
| <b>YEAR 1</b>      |             |             |   |
| PHONICS            | 81%         | *           | Check will be carried out in autumn 2 2020                        |
| <b>YEAR 2</b>      |             |             |   |
| CRWM               | 72%         | 80%         | Increase from september baseline, positive picture at spring 2020 |
| <b>YEAR 6</b>      |             |             |   |
| CRWM               | 48%         | 62%         | Data based on last SATs practice Feb 2020                         |

**Going Concern**

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

**Financial Review**

Most of the academy's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Skills Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Strategic Report (continued)**

**Financial Review (Continued)**

The academy also received grants for fixed assets from the ESFA and other funding bodies. In accordance with the Charities SORP (FRS 102), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £1,687,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding fixed asset funds) was £41,000. The in-year surplus on restricted general funds plus unrestricted funds but excluding the increase in the pension reserve liability was £39,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2020 net book value of fixed assets was £2,568,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £892,000 recognized on the balance sheet.

The academy held fund balances as at 31 August 2020 of £1,916,000 comprising £1,846,000 of restricted funds and £70,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2020 was £240,000.

**Reserves Policy**

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

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

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

The academy's current level of free reserves are in surplus by £70,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) re-development of playgrounds; and
- b) increasing car parking space.

**Investment Policy**

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Principal Risks and Uncertainties**

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

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

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

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

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

**Fundraising**

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

- Christmas fair
- Family Bingo

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

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Plans for future periods**

During the period 1st September 2019 to 31st August 2020 new security lights have been installed throughout the inner courtyard. A new external entrance door and panelling was installed ensuring increased security. A replacement inner door to a large storage cupboard has been completed.

Further planned work was not possible due to COVID-19. However, it was necessary to implement responsive work in order to meet safety guidance for opening during the pandemic. These works include:

- Installing 2 gates to facilitate one-way system;
- Installing new pathways to facilitate one way system;
- Creation of new outdoor provision for EYS and KS1 in order to support social distancing;

The academy has identified the following areas for future development 2020-21:

- re-development of playgrounds
- increasing car parking space

These projects could not be actioned during 2019-2020 due to the pandemic and therefore have been moved in to the next financial year.

**Funds held as custodian on behalf of others**

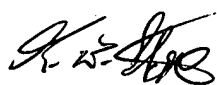
None

**Auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2020 and signed on its behalf by:



**Rev K E Stone**  
Chair

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

**Scope of responsibility**

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

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

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

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year. In addition each committee has met 2 times.

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

**FULL GOVERNING BODY**

The Full Governing Board met on seven occasions (25 September 2019, 11 December 2019, 9 January 2020, 17 March 2020, 20 May 2020, 3 June 2020, 8 July 2020) during the period of the 2019/2020 academic year.

The Full Governing Board met on more occasions during this period due to the need to recruit a new Headteacher for the academic year 2020-21 and due to the COVID-19 pandemic.

The usual timetable of committee meetings was disrupted due to COVID-19. The FGB assumed the responsibilities of both the F&R and SI committee from 20th March 2020.

| Trustee                      | Meetings attended | Out of a possible |
|------------------------------|-------------------|-------------------|
| Rev K E Stone                | 7                 | 7                 |
| K Barkley                    | 0                 | 0                 |
| P Cowley                     | 4                 | 7                 |
| G Dorman-Smith               | 7                 | 7                 |
| Mrs H C Malbon, Head Teacher | 7                 | 7                 |
| Mrs J Measor                 | 1                 | 3                 |
| Mrs R Moffatt                | 5                 | 7                 |
| Mrs R Small                  | 6                 | 6                 |
| Mrs J Thirkell               | 7                 | 7                 |

**For Information**

- Mrs J Measor resigned on 20.1.20
- Mrs Lowe, School Business Manager, attended meetings in an advisory capacity

**FINANCE AND RESOURCES COMMITTEE**

The Finance and Resources Committee met on two occasions (20 November 2019, 12 February 2020) during the 2019/20 academic year.

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

**Governance (continued)**

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its principal purpose is to :

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

| Trustee                    | Meetings attended | Out of a possible |
|----------------------------|-------------------|-------------------|
| H C Malbon, Headteacher    | 1                 | 2                 |
| J Measor, Chair (resigned) | 1                 | 1                 |
| Rev K E Stone              | 2                 | 2                 |
| J Thirkell, Chair          | 2                 | 2                 |

**SCHOOL IMPROVEMENT COMMITTEE**

The School Improvement Committee met on one occasion (16 October 2019) during the 2019/2020 academic year

| Trustee                 | Meetings attended | Out of a possible |
|-------------------------|-------------------|-------------------|
| G Dorman-Smith, Chair   | 1                 | 1                 |
| H C Malbon, Headteacher | 1                 | 1                 |
| R Moffatt               | 1                 | 1                 |
| Rev K E Stone           | 1                 | 1                 |

For Information

- Mr Taylor, School Improvement Partner, attended the meeting in an advisory capacity

**Review of value for money**

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

**1. Improving Educational Outcomes**

The academy constantly reviews pupil groups and staffing levels in order to achieve the best possible educational outcomes for children.

Autumn 2019 was the most challenging term for school in recent years. At the start of the year we had used financial resources to appoint new staff and build additional capacity into leadership in order to focus particularly on standards in KS2 and develop curriculum leadership.

Early in the term, Y3 teacher went on long-term sickness absence requiring the AHT to assume class teaching duties therefore reducing leadership capacity. Additionally, maths leader was approved for adoption and successfully matched leading to adoption leave which could not be pre-planned. Y6 teacher/SEND CO went on long-term sick leave in November. This significantly reduced the experience level and leadership capacity in KS2. Behaviour in Y6 was challenging this term continuing a pattern from Y5.

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**GOVERNANCE STATEMENT (CONTINUED)**

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

In order to achieve the stability and quality teaching necessary to improve on previous year's outcomes, support was brokered from local alternative provision and local school. Through a secondment of an experienced Y6 teacher and intervention placement at AP, it was possible to secure the stability and focus on teaching and learning. Progress accelerated and at the point of lockdown, predicted outcomes for the Y6 cohort were strongly improved on previous year.

Predicted combined outcomes in all other years groups evidence a strengthening across all year groups except Reception. This cohort has a significant amount of complex SEND/SEMH concerns, identified in nursery. However, whilst attainment is low – below previous school and national outcomes – there is evidence of good progress for the majority of learners from weak starting points.

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

The academy benefits from the provision of a suitably qualified Internal Auditor. The IA ensures a robust programme of monitoring is carried out three full day on site visits. This process interrogates internal systems and controls which ensure the appropriate management of financial procedures in the academy meet the criteria stated in the Academy's Financial Handbook.

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

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

There have been no large expenditure items in the financial year 1st September 2019 – 31st August 2020 due to COVID-19 pandemic.

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

**3. Better Purchasing**

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

During 2019-20

- Change of energy supplier to secure existing costs as to remain with current provider would have resulted in an increase in costs.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Viewley Hill Academy for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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**GOVERNANCE STATEMENT (CONTINUED)**

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1st September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and General Purposes 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 decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The academy has sought tenders for the provision of internal audit services for the financial year 2020/21 to separate the role in line with revised FRC Ethical Standard (15 March 2020).

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

- Regularity & Compliance
- Insurances
- Risk Management
- Safeguarding
- Website Compliance
- Payment Procedures
- Budgeting & Financial Management

The IA reports to the accounting officer who in turn reports to the Board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. The areas covered by this work programme are noted above.

The schedule of work has been delivered as planned, and no material control issues have been identified as a result of the reviewer's work. Recommendations for internal control improvements are raised from time to time, and procedures are put in place accordingly.

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**GOVERNANCE STATEMENT (CONTINUED)**

**Review of effectiveness**

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

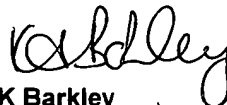
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on their behalf by:



**Rev K E Stone**  
Chair



**K Barkley**  
Accounting Officer



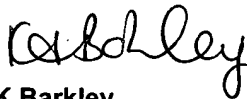
**VIEWLEY HILL ACADEMY**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Viewley Hill Academy I have considered my responsibility to notify the academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy Board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2019.

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.



**K Barkley**  
Accounting Officer  
9 December 2020

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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:



**Rev K E Stone**  
Chair

9 December 2020

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

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

**Opinion**

We have audited the financial statements of Viewley Hill Academy (the 'academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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



**Kevin Shotton BA BFP FCA (Senior Statutory Auditor)**  
for and on behalf of  
**Clive Owen LLP**  
Chartered Accountants  
and Statutory Auditors  
140 Coniscliffe Road

Darlington  
County Durham  
DL3 7RT

9 December 2020

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

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Viewley Hill Academy during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Viewley Hill Academy's Accounting Officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Viewley Hill Academy's funding agreement with the Secretary of State for Education dated 18 December 2013 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

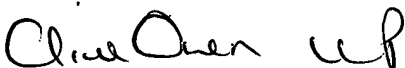
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant  
**Clive Owen LLP**  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

9 December 2020

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2020**

|   | Note | Unrestricted<br>funds<br>2020<br>£000 | Restricted<br>funds<br>2020<br>£000 | Restricted<br>fixed asset<br>funds<br>2020<br>£000 | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|---|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| <b>Income from:</b>   |      |                                       |                                     |  |                                |                                |
| Donations and capital grants  | 3    | 4                                     | -                                   | 19   | 23                             | 23                             |
| Charitable activities   |      | 11                                    | 1,509                               | -  | 1,520                          | 1,399                          |
| Other trading activities  |      | 17                                    | -                                   | -  | 17                             | 32                             |
| <b>Total income</b>   |      | <b>32</b>                             | <b>1,509</b>                        | <b>19</b>  | <b>1,560</b>                   | <b>1,454</b>                   |
| <b>Expenditure on:</b>  |      |                                       |                                     |  |                                |                                |
| Charitable activities   |      | 24                                    | 1,558                               | 105  | 1,687                          | 1,541                          |
| <b>Total expenditure</b>  |      | <b>24</b>                             | <b>1,558</b>                        | <b>105</b>   | <b>1,687</b>                   | <b>1,541</b>                   |
| <b>Net income/<br/>(expenditure)</b>  |      | <b>8</b>                              | <b>(49)</b>                         | <b>(86)</b>  | <b>(127)</b>                   | <b>(87)</b>                    |
| Transfers between funds   | 15   | -                                     | 12                                  | (12)   | -                              | -                              |
| <b>Net movement in<br/>funds before other<br/>recognised<br/>gains/(losses)</b> |      | <b>8</b>                              | <b>(37)</b>                         | <b>(98)</b>  | <b>(127)</b>                   | <b>(87)</b>                    |
| <b>Other recognised<br/>gains/(losses):</b>                                     |      |                                       |                                     |  |                                |                                |
| Actuarial losses on defined benefit pension schemes                             | 22   | -                                     | (230)                               | -  | (230)                          | (238)                          |
| <b>Net movement in<br/>funds</b>  |      | <b>8</b>                              | <b>(267)</b>                        | <b>(98)</b>  | <b>(357)</b>                   | <b>(325)</b>                   |
| <b>Reconciliation of<br/>funds:</b>   |      |                                       |                                     |  |                                |                                |
| Total funds brought forward   |      | 62                                    | (455)                               | 2,666  | 2,273                          | 2,598                          |
| Net movement in funds   |      | 8                                     | (267)                               | (98)   | (357)                          | (325)                          |
| <b>Total funds carried forward</b>  |      | <b>70</b>                             | <b>(722)</b>                        | <b>2,568</b>                                       | <b>1,916</b>                   | <b>2,273</b>                   |



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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

|  | Note | 2020<br>£000        | 2019<br>£000        |
|--|------|---------------------|---------------------|
| <b>Fixed assets</b>                            |      |                     |                     |
| Tangible assets                                | 12   | 2,568               | 2,666               |
|  |      | <u>2,568</u>        | <u>2,666</u>        |
| <b>Current assets</b>                          |      |                     |                     |
| Debtors  | 13   | 65                  | 89                  |
| Cash at bank and in hand                       |      | 252                 | 162                 |
|  |      | <u>317</u>          | <u>251</u>          |
| Creditors: amounts falling due within one year | 14   | (77)                | (62)                |
| <b>Net current assets</b>                      |      | <u>240</u>          | <u>189</u>          |
| <b>Total assets less current liabilities</b>   |      | <u>2,808</u>        | <u>2,855</u>        |
| <b>Net assets excluding pension liability</b>  |      | <u>2,808</u>        | <u>2,855</u>        |
| Defined benefit pension scheme liability       | 22   | (892)               | (582)               |
| <b>Total net assets</b>                        |      | <u><u>1,916</u></u> | <u><u>2,273</u></u> |

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

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

|  | Note | 2020<br>£000 | 2019<br>£000 |
|--|------|--------------|--------------|
| <b>Funds of the academy</b>              |      |              |              |
| <b>Restricted funds:</b>                 |      |              |              |
| Fixed asset funds                        | 15   | 2,568        | 2,666        |
| Restricted income funds                  | 15   | 170          | 127          |
|  |      | <hr/>        | <hr/>        |
| Restricted funds excluding pension asset | 15   | 2,738        | 2,793        |
| Pension reserve                          | 15   | (892)        | (582)        |
|  |      | <hr/>        | <hr/>        |
| <b>Total restricted funds</b>            | 15   | 1,846        | 2,211        |
| <b>Unrestricted income funds</b>         | 15   | 70           | 62           |
|  |      | <hr/>        | <hr/>        |
| <b>Total funds</b>                       |      | <u>1,916</u> | <u>2,273</u> |

The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue on 09 December 2020 and are signed on their behalf, by:



**Rev K E Stone**  
Chair

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

|   | Note   | 2020<br>£000 | 2019<br>£000 |
|---|--------|--------------|--------------|
| <b>Cash flows from operating activities</b>             |        |              |              |
| Net cash provided by/(used in) operating activities     | 17     | 78           | (49)         |
| <b>Cash flows from investing activities</b>             | 18     | 12           | (95)         |
| <b>Change in cash and cash equivalents in the year</b>  |        | 90           | (144)        |
| Cash and cash equivalents at the beginning of the year  |        | 162          | 306          |
| <b>Cash and cash equivalents at the end of the year</b> | 19, 20 | <u>252</u>   | <u>162</u>   |

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**1.2 Going concern**

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

**1.3 Income**

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

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet 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**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy has provided the goods or services.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**1. Accounting policies (continued)**

**1.4 Expenditure**

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

• **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets**

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

|                              |               |
|------------------------------|---------------|
| Long-term leasehold property | - 50 years    |
| Long-term leasehold land     | - 125 years   |
| Fixtures and fittings        | - 3 - 4 years |
| Computer equipment           | - 2 years     |

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

**1.6 Interest receivable**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**1. Accounting policies (continued)**

**1.7 Operating leases**

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

**1.8 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.9 Cash at bank and in hand**

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

**1.10 Liabilities and provisions**

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

**1.11 Financial instruments**

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

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

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

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

**1.12 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**1. Accounting policies (continued)**

**1.13 Pensions**

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

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

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

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

**1.14 Fund accounting**

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

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

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

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**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2020. 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. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £105,000.

Critical areas of judgment:

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

**3. Income from donations and capital grants**

|                | Unrestricted<br>funds<br>2020<br>£000 | Restricted<br>fixed asset<br>funds<br>2020<br>£000 | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|----------------|---------------------------------------|--|--------------------------------|--------------------------------|
| Donations      | 4                                     | -  | 4                              | 5                              |
| Capital Grants | -                                     | 19   | 19                             | 18                             |
|                | <u>4</u>                              | <u>19</u>  | <u>23</u>                      | <u>23</u>                      |
| Total 2019     | <u>5</u>                              | <u>18</u>  | <u>23</u>                      |                                |



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**4. Funding for the academy's educational operations**

|                                 | Unrestricted<br>funds<br>2020<br>£000 | Restricted<br>funds<br>2020<br>£000 | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|---------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <b>DfE/ESFA grants</b>          |                                       |                                     |                                |                                |
| General Annual Grant (GAG)      | -                                     | 1,098                               | 1,098                          | 1,010                          |
| Pupil Premium                   | -                                     | 191                                 | 191                            | 185                            |
| PE and Sport Premium            | -                                     | 18                                  | 18                             | 18                             |
| UFSM                            | -                                     | 28                                  | 28                             | 22                             |
| Rates                           | -                                     | 4                                   | 4                              | 2                              |
| Teachers' pay grant             | -                                     | 13                                  | 13                             | 8                              |
| Other DfE Group grants          | -                                     | 38                                  | 38                             | 9                              |
|                                 | -                                     | 1,390                               | 1,390                          | 1,254                          |
| <b>Other government grants</b>  |                                       |                                     |                                |                                |
| SEN                             | -                                     | 8                                   | 8                              | 5                              |
| Early Years Funding             | -                                     | 95                                  | 95                             | 114                            |
| Local Authority grants          | -                                     | 14                                  | 14                             | 7                              |
|                                 | -                                     | 117                                 | 117                            | 126                            |
| <b>Other funding</b>            |                                       |                                     |                                |                                |
| Non Government non grant income | -                                     | 2                                   | 2                              | -                              |
| Student Trips                   | 4                                     | -                                   | 4                              | 6                              |
| Student Catering                | 7                                     | -                                   | 7                              | 13                             |
|                                 | 11                                    | 1,509                               | 1,520                          | 1,399                          |
| <b>Total 2019</b>               | 19                                    | 1,380                               | 1,399                          |                                |

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**5. Income from other trading activities**

|  | Unrestricted<br>funds<br>2020<br>£000 | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|--|---------------------------------------|--------------------------------|--------------------------------|
| Non student catering income                    | 1                                     | 1                              | 1                              |
| Receipts from supply teaching insurance claims | 12                                    | 12                             | 21                             |
| Sundry Income                                  | 4                                     | 4                              | 10                             |
|  | <u>17</u>                             | <u>17</u>                      | <u>32</u>                      |

All income from other trading activities was attributable to unrestricted funds for the year ended 31 August 2020.

**6. Expenditure**

|                                   | Staff Costs<br>2020<br>£000 | Premises<br>2020<br>£000 | Other<br>2020<br>£000 | Total<br>2020<br>£000 | Total<br>2019<br>£000 |
|-----------------------------------|-----------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| Academy's educational operations: |                             |                          |                       |                       |                       |
| Direct costs                      | 1,073                       | -                        | 113                   | 1,186                 | 1,067                 |
| Allocated support costs           | 123                         | 191                      | 187                   | 501                   | 474                   |
|                                   | <u>1,196</u>                | <u>191</u>               | <u>300</u>            | <u>1,687</u>          | <u>1,541</u>          |
| Total 2019                        | <u>1,091</u>                | <u>177</u>               | <u>273</u>            | <u>1,541</u>          |                       |

In 2020, of the total expenditure, £24,000 (2019 - £50,000) was to unrestricted funds and £1,558,000 (2019 - £1,491,000) was to restricted funds.

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

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

There were no ex-gratia payments in the year.

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**7. Analysis of expenditure by activities**

|                                  | Activities<br>undertaken<br>directly<br>2020<br>£000 | Support<br>costs<br>2020<br>£000 | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|----------------------------------|--|----------------------------------|--------------------------------|--------------------------------|
| Academy's educational operations | 1,186  | 501                              | 1,687                          | 1,541                          |
|                                  | <u>1,186</u>   | <u>501</u>                       | <u>1,687</u>                   | <u>1,541</u>                   |
| Total 2019                       | 1,067  | 474                              | 1,541                          |                                |
|                                  | <u>1,067</u>   | <u>474</u>                       | <u>1,541</u>                   |                                |

**Analysis of direct costs**

|                         | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|-------------------------|--------------------------------|--------------------------------|
| Staff costs             | 1,073                          | 976                            |
| Educational supplies    | 84                             | 61                             |
| Staff development       | 4                              | 6                              |
| Technology costs        | 6                              | 4                              |
| Educational consultancy | 19                             | 20                             |
|                         | <u>1,186</u>                   | <u>1,067</u>                   |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

|                                     | Total<br>funds<br>2020<br>£000 | Total<br>funds<br>2019<br>£000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Net interest cost on pension scheme | 11                             | 7                              |
| Staff costs                         | 123                            | 115                            |
| Depreciation                        | 105                            | 83                             |
| Technology costs                    | 21                             | 17                             |
| Supply insurance                    | 11                             | 12                             |
| Transport                           | -                              | 1                              |
| Maintenance of premises             | 16                             | 19                             |
| Cleaning                            | 46                             | 36                             |
| Other premises costs                | 12                             | 13                             |
| Energy                              | 24                             | 23                             |
| Rent and rates                      | 4                              | 4                              |
| Insurance                           | 9                              | 8                              |
| Operating lease rentals             | 6                              | 6                              |
| Catering                            | 80                             | 84                             |
| Legal costs - other                 | 1                              | -                              |
| Security                            | 2                              | 6                              |
| Other costs                         | 12                             | 21                             |
| Governance costs                    | 18                             | 19                             |
|                                     | <u>501</u>                     | <u>474</u>                     |

**8. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

|                                       | 2020<br>£000 | 2019<br>£000 |
|---------------------------------------|--------------|--------------|
| Operating lease rentals               | 6            | 6            |
| Depreciation of tangible fixed assets | 105          | 83           |
| Fees paid to auditors for:            |              |              |
| - audit                               | 6            | 6            |
| - other services                      | 4            | 5            |
|                                       | <u>115</u>   | <u>94</u>    |

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**FOR THE YEAR ENDED 31 AUGUST 2020**

**9. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

|                       | 2020<br>£000 | 2019<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 813          | 816          |
| Social security costs | 69           | 68           |
| Pension costs         | 244          | 177          |
|                       | <hr/> 1,126  | <hr/> 1,061  |
| Agency staff costs    | 70           | 30           |
|                       | <hr/> 1,196  | <hr/> 1,091  |
|                       | <hr/> <hr/>  | <hr/> <hr/>  |

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

Included in pension costs is a charge of £69,000 (2019 : £49,000) relating to the pension deficit actuarial adjustment.

**c. Staff numbers**

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

|                            | 2020<br>No. | 2019<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 10          | 10          |
| Administration and support | 26          | 26          |
| Management                 | 4           | 6           |
|                            | <hr/> 40    | <hr/> 42    |
|                            | <hr/> <hr/> | <hr/> <hr/> |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Staff (continued)**

**d. Higher paid staff**

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

|                               | 2020<br>No. | 2019<br>No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1           | 1           |

**e. Key management personnel**

The key management personnel of the academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £278,000 (2019: £310,000).

**10. Trustees' remuneration and expenses**

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

|                                |                            | 2020<br>£000 | 2019<br>£000 |
|--------------------------------|----------------------------|--------------|--------------|
| H C Malbon, Accounting Officer | Remuneration               | 65 - 70      | 60 - 65      |
|                                | Pension contributions paid | 15 - 20      | 10 - 15      |
| L Shadforth, Staff Trustee     | Remuneration               | -            | 25 - 30      |
|                                | Pension contributions paid | -            | 0 - 5        |
| W Atkinson, Staff Trustee      | Remuneration               | -            | 10 - 15      |
|                                | Pension contributions paid | -            | 0 - 5        |

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

**11. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £1,000 (2019 - £1,000). The cost of this insurance is included in the total insurance cost.

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**12. Tangible fixed assets**

|                          | Leasehold<br>property<br>£000 | Fixtures and<br>fittings<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|--------------------------|-------------------------------|----------------------------------|-------------------------------|---------------|
| <b>Cost or valuation</b> |                               |                                  |                               |               |
| At 1 September 2019      | 2,857                         | 137                              | 79                            | 3,073         |
| Additions                | -                             | 7                                | -                             | 7             |
| At 31 August 2020        | 2,857                         | 144                              | 79                            | 3,080         |
| <b>Depreciation</b>      |                               |                                  |                               |               |
| At 1 September 2019      | 307                           | 54                               | 46                            | 407           |
| Charge for the year      | 56                            | 25                               | 24                            | 105           |
| At 31 August 2020        | 363                           | 79                               | 70                            | 512           |
| <b>Net book value</b>    |                               |                                  |                               |               |
| At 31 August 2020        | 2,494                         | 65                               | 9                             | 2,568         |
| At 31 August 2019        | 2,550                         | 83                               | 33                            | 2,666         |

**13. Debtors**

|                                | 2020<br>£000 | 2019<br>£000 |
|--------------------------------|--------------|--------------|
| VAT recoverable                | 9            | 27           |
| Prepayments and accrued income | 56           | 62           |
|                                | 65           | 89           |

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**14. Creditors: Amounts falling due within one year**

|  | 2020<br>£000     | 2019<br>£000     |
|--|------------------|------------------|
| Trade creditors                          | 21               | 7                |
| Other taxation and social security       | 17               | 17               |
| Other creditors                          | 20               | 16               |
| Accruals and deferred income             | 19               | 22               |
|  | <u>77</u>        | <u>62</u>        |
|  | <u><u>77</u></u> | <u><u>62</u></u> |
|  | 2020<br>£000     | 2019<br>£000     |
| <b>Deferred Income</b>                   |                  |                  |
| Deferred income at 1 September 2019      | 13               | 14               |
| Resources deferred during the year       | 12               | 13               |
| Amounts released from previous periods   | (13)             | (14)             |
|  | <u>12</u>        | <u>13</u>        |
| <b>Deferred income at 31 August 2020</b> | <u><u>12</u></u> | <u><u>13</u></u> |

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. Statement of funds**

|                                     | Balance at 1<br>September<br>2019<br>£000 | Income<br>£000 | Expenditure<br>£000 | Transfers<br>in/out<br>£000 | Gains/<br>(Losses)<br>£000 | Balance at<br>31 August<br>2020<br>£000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| <b>Unrestricted funds</b>           |   |                |                     |                             |                            |   |
| Unrestricted general funds          | 62  | 32             | (24)                | -                           | -                          | 70                                      |
| <b>Restricted general funds</b>     |   |                |                     |                             |                            |   |
| General Annual Grant (GAG)          | 127                                       | 1,098          | (1,069)             | 12                          | -                          | 168                                     |
| Pupil Premium                       | -   | 191            | (191)               | -                           | -                          | -                                       |
| Other DfE/ESFA grants               | -   | 101            | (99)                | -                           | -                          | 2                                       |
| SEN                                 | -   | 8              | (8)                 | -                           | -                          | -                                       |
| Other Government grants             | -   | 109            | (109)               | -                           | -                          | -                                       |
| Other grants                        | -   | 2              | (2)                 | -                           | -                          | -                                       |
| Pension reserve                     | (582)                                     | -              | (80)                | -                           | (230)                      | (892)                                   |
|                                     | <u>(455)</u>                              | <u>1,509</u>   | <u>(1,558)</u>      | <u>12</u>                   | <u>(230)</u>               | <u>(722)</u>                            |
| <b>Restricted fixed asset funds</b> |   |                |                     |                             |                            |   |
| Inherited on conversion             | 2,428                                     | -              | (54)                | -                           | -                          | 2,374                                   |
| DfE/ESFA Capital grants             | 26  | 7              | (9)                 | -                           | -                          | 24                                      |
| Capital expenditure from GAG        | 103                                       | -              | (40)                | -                           | -                          | 63                                      |
| CIF                                 | 109                                       | 12             | (2)                 | (12)                        | -                          | 107                                     |
|                                     | <u>2,666</u>                              | <u>19</u>      | <u>(105)</u>        | <u>(12)</u>                 | <u>-</u>                   | <u>2,568</u>                            |
| <b>Total Restricted funds</b>       | <u>2,211</u>                              | <u>1,528</u>   | <u>(1,663)</u>      | <u>-</u>                    | <u>(230)</u>               | <u>1,846</u>                            |
| <b>Total funds</b>                  | <u>2,273</u>                              | <u>1,560</u>   | <u>(1,687)</u>      | <u>-</u>                    | <u>(230)</u>               | <u>1,916</u>                            |

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**15. Statement of funds (continued)**

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

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

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

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

Other Government grants include Early Years funding for three and four year old children and funding for pupils with Special Educational Needs.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

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

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

A transfer of £12,000 has been made from capital expenditure to GAG funding to reflect those items within fixed assets which were treated as having been purchased using GAG, prior to the receipt of capital retention monies that have now been received in the current year.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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**15. Statement of funds (continued)**

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

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

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**16. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

|  | Unrestricted<br>funds<br>2020<br>£000 | Restricted<br>funds<br>2020<br>£000 | Restricted<br>fixed asset<br>funds<br>2020<br>£000 | Total<br>funds<br>2020<br>£000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets                  | -                                     | -                                   | 2,568  | 2,568                          |
| Current assets                         | 70                                    | 247                                 | -  | 317                            |
| Creditors due within one year          | -                                     | (77)                                | -  | (77)                           |
| Provisions for liabilities and charges | -                                     | (892)                               | -  | (892)                          |
| <b>Total</b>                           | <b>70</b>                             | <b>(722)</b>                        | <b>2,568</b>                                       | <b>1,916</b>                   |

**Analysis of net assets between funds - prior period**

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

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**17. Reconciliation of net expenditure to net cash flow from operating activities**

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Net expenditure for the period (as per Statement of Financial Activities) | (127)        | (87)         |
| <b>Adjustments for:</b>   |              |              |
| Depreciation  | 105          | 83           |
| Capital grants from DfE and other capital income                          | (19)         | (18)         |
| Defined benefit pension scheme cost less contributions payable            | 69           | 49           |
| Defined benefit pension scheme finance cost                               | 11           | 7            |
| Decrease/(increase) in debtors  | 24           | (18)         |
| Increase/(decrease) in creditors  | 15           | (65)         |
| <b>Net cash provided by/(used in) operating activities</b>                | <b>78</b>    | <b>(49)</b>  |

**18. Cash flows from investing activities**

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Purchase of tangible fixed assets                          | (7)          | (113)        |
| Capital grants from DfE Group                              | 19           | 18           |
| <b>Net cash provided by/(used in) investing activities</b> | <b>12</b>    | <b>(95)</b>  |

**19. Analysis of cash and cash equivalents**

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Cash in hand                           | 252          | 162          |
| <b>Total cash and cash equivalents</b> | <b>252</b>   | <b>162</b>   |

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**20. Analysis of changes in net debt**

|                          | At 1<br>September<br>2019<br>£000 | Cash flows<br>£000 | At 31 August<br>2020<br>£000 |
|--------------------------|-----------------------------------|--------------------|------------------------------|
| Cash at bank and in hand | 162                               | 90                 | 252                          |
|                          | <u>162</u>                        | <u>90</u>          | <u>252</u>                   |

**21. Capital commitments**

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| <b>Contracted for but not provided in these financial statements</b> |              |              |
| Acquisition of tangible fixed assets                                 | <u>5</u>     | <u>-</u>     |

**22. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Middlesbrough Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £20,000 were payable to the schemes at 31 August 2020 (2019 - £16,000) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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**22. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £126,000 (2019 - £82,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £65,000 (2019 - £61,000), of which employer's contributions totalled £49,000 (2019 - £46,000) and employees' contributions totalled £ 16,000 (2019 - £15,000). The agreed contribution rates for future years are 17.5 per cent for employers and 5.5-8.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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.

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**22. Pension commitments (continued)**

**Principal actuarial assumptions**

|  | 2020<br>% | 2019<br>% |
|--|-----------|-----------|
| Rate of increase in salaries                       | 3.30      | 3.10      |
| Rate of increase for pensions in payment/inflation | 2.30      | 2.10      |
| Discount rate for scheme liabilities               | 1.70      | 1.90      |
| Inflation assumption (CPI)                         | 2.30      | 2.10      |
| Commutation of pensions to lump sums               | 80.00     | 80.00     |

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

|                      | 2020<br>Years | 2019<br>Years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| Males                | 21.8          | 21.9          |
| Females              | 23.5          | 23.8          |
| Retiring in 20 years |               |               |
| Males                | 23.2          | 23.6          |
| Females              | 25.3          | 25.7          |

**Sensitivity analysis**

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Discount rate +0.1%                    | (48)         | (34)         |
| Discount rate -0.1%                    | 5            | 35           |
| Mortality assumption - 1 year increase | (7)          | (52)         |
| Mortality assumption - 1 year decrease | 72           | 52           |
| CPI rate +0.1%                         | 44           | 23           |
| CPI rate -0.1%                         | (43)         | (23)         |



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**22. Pension commitments (continued)**

**Share of scheme assets**

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

|                                     | 2020<br>£000 | 2019<br>£000 |
|-------------------------------------|--------------|--------------|
| Equities                            | 791          | 719          |
| Property                            | 83           | 79           |
| Cash and other liquid assets        | 121          | 120          |
| Other                               | 46           | 24           |
| <b>Total market value of assets</b> | <u>1,041</u> | <u>942</u>   |

The actual return on scheme assets was £44,000 (2019 - £34,000).

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

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Current service cost  | (118)        | (76)         |
| Past service cost   | -            | (19)         |
| Interest income   | 18           | 25           |
| Interest cost   | (29)         | (32)         |
| <b>Total amount recognised in the Statement of Financial Activities</b> | <u>(129)</u> | <u>(102)</u> |

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

|                        | 2020<br>£000 | 2019<br>£000 |
|------------------------|--------------|--------------|
| <b>At 1 September</b>  | 1,524        | 1,145        |
| Current service cost   | 118          | 76           |
| Interest cost          | 29           | 32           |
| Employee contributions | 16           | 15           |
| Actuarial losses       | 256          | 247          |
| Benefits paid          | (10)         | (10)         |
| Past service costs     | -            | 19           |
| <b>At 31 August</b>    | <u>1,933</u> | <u>1,524</u> |

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**22. Pension commitments (continued)**

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

|                           | 2020<br>£000 | 2019<br>£000 |
|---------------------------|--------------|--------------|
| <b>At 1 September</b>     | 942          | 857          |
| Expected return on assets | 18           | 25           |
| Actuarial gains           | 26           | 9            |
| Employer contributions    | 49           | 46           |
| Employee contributions    | 16           | 15           |
| Benefits paid             | (10)         | (10)         |
| <b>At 31 August</b>       | <u>1,041</u> | <u>942</u>   |

**23. Operating lease commitments**

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

|                            | 2020<br>£000 | 2019<br>£000 |
|----------------------------|--------------|--------------|
| <b>Amounts Payable:</b>    |              |              |
| Within one year            | 7            | 6            |
| Between one and five years | 5            | 12           |
| <b>Total</b>               | <u>12</u>    | <u>18</u>    |

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**24. Related party transactions**

Owing to the nature of the academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

**Expenditure Related Party Transaction**

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

- The academy purchased support services from Cornerstones Education Limited, totalling £Nil (2019: £450) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil)

The academy made the purchase at arms' length.

**Income Related Party Transactions**

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

- The academy recharged costs incurred to Rose Wood Academy totalling £Nil (2019: £40) during the period. There were no amounts outstanding at 31 August 2020 (2019: £Nil).

In entering into the above transactions the academy has complied with the requirements of the Academies Financial Handbook 2019.