

Report of the Trustees and
Financial Statements for the Year Ended 31 August 2017
for

Hereford Integrated Behaviour Outreach
Service
(A Company Limited by Guarantee)



Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Hereford Integrated Behaviour Outreach
Service

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for the Year Ended 31 August 2017

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Hereford Integrated Behaviour Outreach
Service

Reference and Administrative Details
for the Year Ended 31 August 2017

MEMBERS

Mrs J P Poole (appointed 28.9.17)
Ms J James (appointed 30.11.17)
L Willday (resigned 30.11.17)
D Longmore
Rev J Morrison (resigned 31.12.16)

TRUSTEES

C A Edwards (appointed 29.9.17)
Mrs J M C Baker (Chair) (resigned 20.7.17)
Mrs E M Christopher (resigned 30.4.17)
Dame O R Evans (Headteacher and Accounting Officer) (resigned 19.7.17)
D A Gaston (Headteacher and Accounting Officer) (appointed 7.12.16)
Mrs K Owen (appointed 4.12.17)
Mrs J P Poole (Chair of Local Governing Body)
D H Smith (resigned 30.4.17)
C O Tindall

LOCAL GOVERNING BODY

June Poole	Parent Governor, Chair of Governors
Jayne Payne	Parent Governor
Jenny James	Parent Governor
Christine Rubery	Parent Governor
Richard Knight	Teaching Staff Governor (resigned 1.6.16)
Marilyn Smith	Support Staff Member - (resigned 20.6.2017)
Dennis Longmore	Community Governor
Nathan Rivers	Community Governor (resigned 6.11.2017)
Kevin Jones	LA Representative Governor
Alison Wright	Clerk to Governors (resigned 18.9.17)
Elizabeth Reynolds	Teaching Staff Governor (appointed 18.6.16)
Jennifer Yeomans	(appointed 21.3.2017, resigned 7.11.2017)

SENIOR MANAGEMENT TEAM

Dame Oremi Evans DBE	Headteacher (resigned 31.12.2016)
Phil Abell	Deputy Headteacher (resigned 30.4.2017)
Emma Burford	Assistant Headteacher post 31.12.16 ceased /Deputy Headteacher Full time 1.1.2017
Richard Knight	Assistant Headteacher (appointed 1.9.2016)
David Gaston	Head Teacher (from 01.01.2017)
James Bowdler	Head of Centre, St Davids KS4 PRU (appointed 1.9.2017)
Matthew Warley	Head of Centre, Aconbury KS3 PRU (appointed 1.9.2017)
Kimberly Harley	Head of Centre, Hospital education (appointed 1.9.2015)

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Val Barton	Head of Behaviour Support Team (appointed 1.9.2017)
Alison Adams	HIBOS Academy Business Manager (appointed 1.6.17), School Business Manager (resigned 31.5.2017)
Mary Boustead	Assistant Headteacher (appointed 1.9.2017)
Paul Barnes	Head of Centre St Davids KS4 PRU resigned (31.8.2017)
Maria Dixon	Head of Centre Aconbury KS3 PRU (resigned 30.4.2017)
Peter Alty	Deputy Headteacher (appointed 1.9.2013)

COMPANY SECRETARY

Mrs A E Adams

REGISTERED OFFICE

Brookfield School
Grandstand Road
Hereford
HR4 9NG

REGISTERED COMPANY NUMBER

09136556 (England and Wales)

SENIOR STATUTORY AUDITOR

Mr Kevin Tong FCCA ACA

AUDITORS

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

SOLICITORS

Wrigley's Solicitors (to May 2017)
19 Cookridge Street Leeds
LS2 3

Lanyon Bowdler (from June 2017)
Offa Street
Hereford
HR1 2LH

Hereford Integrated Behaviour Outreach
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Reference and Administrative Details
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ADVISERS

Independent auditors

R.J. Francis (until April 2017)
3 Commercial Road
Hereford
HR1 2AZ

Thorne Widgey Accountancy Ltd (from May 2017)
2 Wyevale Business Park
Hereford
HR4 7BS

Bankers

Barclays Bank
Hereford Branch
1-3 Broad Street Hereford
HR4 9BH

Royal Bank of Scotland
Hereford Branch
21 Broad Street Hereford
HR4 9AP
(School Fund only)

Report of the Trustees
for the Year Ended 31 August 2017

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2017. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The Trustees present their annual report together with the financial statements and auditors report of the charitable company for the period 1st September 2016 to 31st August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for primary and secondary SEMH (social, emotional and mental health) students in Herefordshire. It has a combined pupil capacity of 84 and 79 on roll for the school census on 19th January 2017.

The Trust also has a contract with Hereford Local authority to manage and run key stages 3 and 4 pupil referral units, hospital education and the behaviour management team. The contract is for 3 years and ends in January 2019.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objectives of HIBOS are stated in the Articles of Association as:

"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 schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")."

Significant activities

The outcomes and significant activities can be seen in the achievements and performance section of this report.

Public benefit

The Academy Trust Members have complied with their duty to have due regard to the guidance on public benefit by the Charity Commission in exercising powers or duties. This has been with particular reference to Principles 1 and 2 as found in "The Advancement of Education for the Public Benefit, 2008".

Hereford Integrated Behaviour Outreach
Service

Report of the Trustees
for the Year Ended 31 August 2017

STRATEGIC REPORT

Achievement and performance

Charitable activities

The year has been dominated by rectification, the detail of which is to be found below.

In terms of pupil achievement, and bearing in mind individual contexts, pupils performed well and this fact was recognised by Ofsted in their report of September 2017 when they judged outcomes to be good Data is below.

The school development plan for 2016-17 was largely scrapped as the need to change the ethos and develop a more therapeutic and nurturing environment became more apparent. At the time of writing:

A new primary curriculum approach focusing on nurture, the need for learning through structured play and structured rewards has been implemented and commended by Ofsted.

Incidents of exclusion have plummeted in the primary (only one exclusion since November 2017) as has damage to property.

A new secondary enrichment programme embedded in the week has significantly reduced incidents and led to higher levels of engagement.

A greater use of diverse rewards recognising and encouraging pupils to improve behaviour, effort, attendance has begun to impact with daily D and E grades continuing to reduce.

The introduction of Duke of Edinburgh for all KS4 pupils means that there are weekly opportunities to develop team skills, self confidence, trust.

A new approach to exclusion ie removing the sanction except for unprovoked assaults against other members of the school community has begun to address an historical use issue referred to by Ofsted.

A new behaviour monitoring system has clearly identified where the issues are and contributed to our ability to accurately target interventions.

All of the issues identified by Ofsted have been or are being addressed.

Financial issues including a deficit in the LA contract services of £60k and subsequent LA loan have been drawn to the attention of ESFA. We have liaised closely with the latter keeping them abreast of developments to address these issues.

A potential financial issue raised by the outgoing bursar was that the budget might end in a significant deficit due to staff costs arising from the appointment of a new deputy head teacher sooner than planned for in the budget, the continuation until Easter 2017 of the outgoing deputy head teacher not planned for in the budget and other additional staffing costs not anticipated in the budget. The outgoing bursar's initial prediction was a significant in year deficit. However, no firm figures were presented before her departure. With careful financial management undertaken by the new Business Manager, the audit shows that The Brookfield School budget ended 2017 in a strong position and no deficit.

The appointment of a new company of solicitors and auditors has led to the Board of Directors clearly understanding their roles and responsibilities; the appointment of a CEO and chair; the accounts for the whole of HIBOS being audited in order to fully understand our financial position, areas of strength and areas to address; previous practices, both financial and managerial, that have not met the required standards being addressed; a complete overhaul of our financial management systems with clear lines of responsibility and accountability and built in limits; new software to control and oversee all spending; a clear scheme of delegation for all layers of responsibility within HIBOS.; governors are undertaking a comprehensive training programme to ensure that they can properly scrutinise the work of the school and hold leadership to account.

We are in discussion with the Local authority regarding the constitution of the services management committee.

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STRATEGIC REPORT

Achievement and performance

Charitable activities

Ofsted inspected the PRUs and hospital education in July 2017 and judged this provision to be 'good' (Ofsted were unaware of the financial situation at the time of the inspection). However, because of a redundancy process undertaken by the leadership of the contracted services, an in year projected deficit of £60k was incurred which was not discussed with ESFA. This was because of the then mistaken belief that, because funding for the contracted services came directly from the local authority, no audit for ESFA of this funding stream was necessary and no permission was sought from ESFA. Subsequently, the local authority agreed to provide a loan to cover the shortfall. However, no permission was sought from ESFA for a loan. The local authority is aware that academies can only secure a loan after receiving permission from ESFA to do so, so it is surprising that they agreed to provide a loan. With the structure, roles and responsibilities of HIBOS now published and clear to all senior leadership, a similar situation cannot arise in future.

Ofsted inspected The Brookfield School in September 2017 and judged this provision to 'require improvement'. This reduced from the previous judgement of 'outstanding' largely because of legacy issues. However, they did acknowledge that significant work has been undertaken to address legacy issues and to implement a new curriculum etc (see above). A post Ofsted action plan has been implemented to address all of the issues raised.

Comparative Performance Tables for The Brookfield School
SUMMER 2017

KS2	No Students	APS	Reading	G, P, V & S	Math
Whole Cohort	13	20.9	20.7	20.0	22.0
All Pupil Premium	5	19.3	16.0	21.0	21.0
LAC	2	22.0	21.0	24.0	21.0
GRT	1	Absent	Absent	Absent	Absent
FSM	3	21.0	21.0	21.0	21.0
Extra SEN	12	20.7	20.1	19.8	22.1
PP & Extra SEN	5	19.3	16.0	21.0	21.0

BOLD matched or exceeded aps of whole cohort

KS3	No Students	APS	English	Math
Whole Cohort	7	33.5	33.0	34.1
All Pupil Premium	7	33.5	33.0	34.1
LAC	1	39.0	39.0	39.0
GRT	1	27	27	Absent
FSM	2	28	33.0	23.0
Extra SEN	6	33.1	32.0	33.2
PP & Extra SEN	6	33.1	32.0	33.2

KS4	No Students	APS	Eng	Mat	Sci	ICT	Art	CDT	Food	Hist	PE
Whole Cohort	7	177.0	26.8	19.7	19.5	41.2	28.0	40.0	37.6	37.0	N/A
All Pupil Premium	2	75.0	19.0	8.0	-	34.0	-	-	34.0	28.0	-
LAC	1	262.0	40.0	28.0	22.0	40.0	-	-	40.0	40.0	-
GRT	0	-	-	-	-	-	-	-	-	-	-
FSM	2	75.0	19.0	8.0	-	34.0	-	-	34.0	28.0	-
Extra SEN	7	177.0	26.8	19.7	19.5	41.2	28.0	40.0	37.6	37.0	-
PP & Extra SEN	2	75.0	19.0	8.0	-	34.0	-	-	34.0	28.0	-

Numbers

Statemented children and young people (now with an EHC plan) are admitted into the school at the request of the LA and agreement of the school.

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STRATEGIC REPORT
Achievement and performance
Charitable activities

Number on Roll:	Primary	Secondary
2016-2017	25	42

<u>Attendance</u>		
Absences as follows:	Authorised	Unauthorised
2016-2017	9.10%	7.90%
	Primary	Secondary

2016-2017

Attendance at Brookfield has dropped significantly for two main reasons. First, we have been dealing with 9 persistent absentees during the academic year 2016-17. Second, a change to ensure that all exclusions are properly recorded has seen a significant rise in authorised absence, a fact recognised by Ofsted in their report of September 2017.

Aconbury Key Stage 3 PRU

ENGLISH ATTAINMENT 2016-2017

- Teacher termly assessments used on student admission, on leaving or at end of year.
- Reading and spelling assessments also used.

ALL STUDENTS

- 46% made at least 2 sublevels of progress during their time at the Centre
- 25% made 3 or more sublevels of progress
- 9 students were unable to be assessed mostly due to attending a term or less.

YEAR 9 STUDENTS

- 46% made at least 2 sublevels of progress.
- 23% made 3 or more sublevels of progress
- 4 students were not included in these figures.

YEAR 7/8 STUDENTS

- 45% made 2 or more sublevels of progress

FSM STUDENTS

- 100% made 2 or more sublevels of progress
- 50% made 4 or more sublevels of progress

MALE STUDENTS

- 91% made 2 or more sublevels of progress

FEMALE STUDENTS

- 33% made 2 or more sublevels of progress

LOOKED AFTER STUDENTS

- 3 LAC students received intervention during the year:
1 student made 2 sublevel of progress; other still settling into lessons.

SEN STUDENTS

- 45% students made at least 2 or more sublevels of progress

PP STUDENTS

- 38% made at least 2 sublevels of progress.

MATHS ATTAINMENT 2016-2017

- MALT assessments used on student admission, on leaving or at end of year.

STRATEGIC REPORT

Achievement and performance

Charitable activities

- Where MALT assessment unavailable, teacher's termly assessment used.

ALL STUDENTS

- 46% made at least 2 sublevels of progress during their time at the Centre
- 13% made 4 or more sublevels of progress
- 9 students have not been included in these figures due to the short length of time at the Centre

YEAR 9 STUDENTS

- 46% made 2 or more sublevels of progress.
- 15% made 4 or more sublevels of progress
- 4 students have not been included in these figures.

YEAR 7/8 STUDENTS

- 36% made 2 or more sublevels of progress
- 25% made 4 or more sublevels of progress

FSM STUDENTS

- 100% made 4 or more sublevels of progress

MALE STUDENTS

- 48% made 2 or more sublevels of progress
- 14% made 4 or more sublevels of progress

FEMALE STUDENTS

- 33% made 2 or more sublevels of progress

LOOKED AFTER STUDENTS

- 3 LAC students during the year
- 33% of students made 3 sub levels of progress

SEN STUDENTS

- 45% made 2 or more sublevels of progress

PP STUDENTS - 46% made at least 2 sublevels of progress.

Aconbury PRU Commentary

Assessment at The Aconbury Centre is currently under review. Over the past 2 years we have been increasingly unable to use host school assessment information due to the changing picture of assessment within the county, this has had an impact on our assessment procedures. The Centre assesses students in a variety of subjects during induction and uses teacher assessment/working at levels 3 times a year to capture progress. Due to the complex nature of our students we do experience fluctuations in our results. It is important to note that the Science results for 2016-2017 were impacted by a baseline assessment being out line with students working at levels, thus causing a negative impact on their progress. This has now been rectified.

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STRATEGIC REPORT

Achievement and performance

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St Davids Key Stage 4 PRU

St.David's Attainment Data 2016-17 (Year 11 Leavers)

GCSE Results

GCSE 9-1 (Full Course)	Entries	9	8	7	6	5	4	3	2	1	U	X	% Grades 4-9	% Grades 1-9
English Language	14	0	0	0	0	0	3	2	7	1	1	0	21.4%	92.9%
Maths	19	0	0	0	0	1	2	5	1	6	3	1	15.8%	78.9%

GCSE A* - G(Full course)	Entries	A*	A	B	C	D	E	F		U	X	% Grades A-C	% Grades A*-G
Science	2	0	0	0	0	0	1	0	0	1	0	0.0%	50.0%
Art & Design	1	0	1	0	0	0	0	0	0	0	0	100.0%	100.0%

GCSE A*-G (Short course)	Entries	A*	A	B	C	D	E	F		U	X	% Grades A*-C	% Grades A*-G
Art & Design	2	0	0	0	1	0	1	0	0	0	0	50.0%	100.0%
ICT	4	0	0	0	0	1	1	0	2	0	0	0.0%	100.0%

All English & Maths Qualifications (% achieving)

English Qualification	78%	Entry Level (1-3) Functional Skills (Level 1/2) GCSE	18/23 pupils
Maths Qualification	78%	Entry Level (1-3) Functional Skills (Level 1/2) GCSE	18/23 pupils

Additional Qualifications

BTEC IT Users	3	Level 1 Award
BTEC Home Cooking	4	Level 2 Award
BTEC Workskills	11	Level 2 Award
BTEC Construction	6	Level 1 Award
BTEC Sport	1	Level 1/2 Award
BTEC Vocational Studies	11	Level 1 Award/Certificate/Diploma

COHORT SIZE: 23

St Davids PRU commentary

Pupils at St. David's arrive with low levels of confidence and expectation in their learning ability and future outcomes. The vast majority of pupils in this cohort started well below the national average largely due to low attendance and/or fractured education experiences.

This year, overall progress measures were disappointing, with 56% in English and 43% in Maths making expected or better than expected progress during 2016-17.

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However, in Maths 83% (19/23 pupils) of the cohort were entered for GCSE in 2017, compared with 56% in 2016 and 55% in 2015. This highlights the high expectations and challenging nature of targets set for pupils. Nearly 80% of pupils entered achieved a pass, with 3 pupils gaining Grade 4 or higher and a further 12 achieving a pass at Grades 1 to 3. In English, GCSE entries have risen from 25% in 2012 to 55% in 2015 and 64% (16/25) in 2016. This year, 61% of pupils were entered for the new 9-1 GCSE (14/23 pupils). The pass rate of 93% for these pupils, with 3 pupils gaining Grade 4,

Relevant and challenging accreditation opportunities in other subjects continue for all KS4 students. The large majority of students achieved in line with targets set by subject staff.

It should be noted that there is a wide variation in pupils and cohorts year on year and progress levels in Maths and English are determined by a number of variables and a small cohort. In addition, pupil progress in a large number of cases is hindered by historically low levels of attendance. In these circumstances, our primary focus has to be on reversing the negative experience of education and promoting successful engagement in post-16 options at an appropriate level. On average, across all pupils in last year's cohort, attendance levels rose by 15% from their previous educational setting. This will continue to be a priority in our approach for future pupils.

Key financial performance indicators

These are covered throughout the Trustees' Report.

Financial review

Investment policy and objectives

We currently do not have any investment activities therefore we do not have a policy, however this would be established if considered appropriate.

Reserves policy

The full Academy Trust Board and Local Governing Body, has established a Reserves Policy in line with ESFA guidelines. However, the Policy will aim to carry forward sufficient funds to meet the Academy's long term aims and objectives, ensuring that this does not affect its current operational activities.

The Academy's 'free' reserves are its funds after excluding any restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. 'Free reserves' represent income to the Academy which is to be spent in furtherance of any Academy's objects but which is not yet spend, committed or designated.

The Academy's policy is that the appropriate level of revenue reserves should be equivalent to one month's expenditure, currently estimated to be £150,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Due to the accounting requirements of the Local Government Pension Scheme (LGPS), we are recognising a significant pension fund deficit. Where this creates a deficit in the restricted general fund this does not mean that an immediate liability for this amount arises. The deficit position of the pension scheme results in a cash flow effect for the Academy Trust in the form of an increase in employers' pension contributions.

During the period September 2016 to August 2017 we were unable to put any funding into a Reserves account

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting Policies.

Principal risks and uncertainties

The following issues have raised since January 2017:

- Legacy issues at The Brookfield School regarding:

Hereford Integrated Behaviour Outreach
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STRATEGIC REPORT

Principal risks and uncertainties

- exclusion
- appointments
- the management of distressed pupils

Financial issues in the contracted services leading to a £60k deficit

Proper constitution of HIBOS Board of Directors

Contract concerns clarified by the LA for both ESFA and HIBOS

Ongoing costs of solicitor and auditors to ensure compliance, effectiveness of board of directors and governance. These additional costs will diminish as internal capacity to operate independently grows and becomes embedded.

Management of deficit through judicious spending i.e. like for like staffing replacements only, detailed scrutiny of spending requests, considering renegotiating resources contracts. Centralised control of all spending through banking software. Full time Business Manager scrutinising work of all staff involved in financial aspects of organisation. Ensuring all income streams are followed up and outstanding income is secured. Ensuring that all finance staff have level of knowledge to enable them to know what we are entitled to, what we can access etc

Risks:

- If ESFA insist that the £60k loan is immediately repaid, significant strain will be placed on HIBOS' budget.
- If it is determined that the current management committee constitution is correct, HIBOS has little means of properly scrutinising the effectiveness of the contracted services
- The absence of extension or renewal or other arrangement for HIBOS to continue to run the contracted services beyond January 2019 would create significant risk because of the TUPE process that would occur in removing contracted services staff from HIBOS payroll.
- There is an ongoing financial risk from the contracted services pension shortfall being the responsibility of HIBOS.
- The increasing number of children with complex needs and increasingly violent behaviour being referred to The Brookfield school without sufficient additional staffing or expertise presents as an increasing risk.
- Increasing difficulty in recruiting appropriately qualified and experienced staff, particularly to The Brookfield school
- Future high needs funding is under review at the LA. Potential fall in income because roll does not meet PAN.
- Current Brookfield facilities are inadequate. Building designed for significantly fewer pupils than are currently catered for and lack sensory spaces, 1:1 and counselling space, meeting rooms for parental and multi agency meetings, office space, small group space.
- Current St Davids and Aconbury provision also inadequate for effective delivery of alternative and intervention provision.
- Arrow Centre (Brookfield alternative provision) woefully inadequate for purpose. One room and small office for up to 12 post 14 pupils and significant demand for further places.

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STRATEGIC REPORT

Future plans

Long term (within 5 years)

Development of SEMH provision on the current site in conjunction with the local authority to ensure adequate accommodation to provide for increasing numbers (up to 100), particularly with a view to provision for KS3 and 4 girls. Potential to relocate to incorporate current contracted services. Provision to extend out on to local authority land to provide new facility for Arrow with proposed workshop space.

Medium term (within 2 years)

Possibility of closer relationship with LA alternative provision on a more permanent basis e.g. academisation under HIBOS. Benefits: stability of provision; economies of scale greater; avoidance of duplication of provision; sharing of staff; sharing of expertise; sharing of resources such as transport. Increased potential to develop site resources.

Fully integrated alternative provision for SEMH needs pupils for Herefordshire.

Development of SEMH outreach to support schools in developing in-house provision to help avoid exclusion.

Improvement in attendance at Brookfield School to > 90%.

Short term (within 1 year)

Further development of enrichment and nurture curricula to provide greater opportunities for pupils to develop socially and emotionally. Further development of DoE offer across whole service.

Ensure governors and directors are fully enabled to undertake their roles with confidence through continued and wide ranging training and as a result of a full governance review.

Ensure that post Ofsted action plan is fully implemented and changes are embedded so impact on pupil wellbeing, achievement and development is maximised.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Company was incorporated on the 18 July 2014 and converted from a Local Authority School to an Academy Trust on 1 October 2014.

The governors act as the trustees for the charitable activities of the Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Hereford Integrated Behaviour Outreach Service (HIBOS).

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details

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 Brookfield School have in force Trustees Liability insurance with Zurich Municipal.

Hereford Integrated Behaviour Outreach Service

Report of the Trustees for the Year Ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

Eligibility to act as a Trustee of the Hereford Integrated Behaviour Outreach Service (The Brookfield School) is within the Constitutional Framework and Clauses 45-63 of the Articles of Association.

Local authority services contracted out to HIBOS (PRUs and hospital education) are currently overseen by a management committee, the constitution of which has been challenged by the current CEO of HIBOS with the local authority. It is the assertion of the HIBOS Board of Directors that since HIBOS is currently responsible for managing and delivering the service, any scrutiny committee should be constituted by HIBOS in order that HIBOS can properly undertake its responsibility to scrutinise the work of the contracted services.

Organisational structure

HIBOS has three members whose role it is to appoint directors; a board of directors currently consisting of five directors including a chair and CEO; a local governing body for The Brookfield School and a Management Committee to scrutinise the work of the Local authority contracted services.

The Academy Trust Board of Directors is responsible for setting strategic direction and most policies. They adopt annual development plans and budgets and monitor the development of the Academy and Local Authority contracted services through these. They make decisions about the future direction of the Academy and the management of the Local Authority contracted services, capital expenditure and, with the Senior Leadership (SLT), on staff appointments.

The local governing body has limited delegated powers relating to admissions, curriculum and pupil discipline, appointment of teachers and other staff, application of the health and safety policy. Committees monitor the effectiveness of The Brookfield School in terms of Finance and Premises; Personnel; Curriculum.

The Management Committee scrutinises the work of the PRUs, Hospital Education and the Behaviour Support Team

The Brookfield School is led by a head teacher with a deputy head teacher and two assistant head teachers. Each of the Local authority contracted services is led by a head of centre. It is overseen by an executive head teacher.

Induction and training of new trustees

HIBOS has adopted external training for all Trustees (directors) and members of the Local Governing Body.

Each new appointee meets individually with the chair of the board of directors in the case of directors and the Head Teacher and chair of governors in the case of governors. The Academy trust is a member of the Herefordshire Governors Association which provides support and training.

Key management remuneration

Guidance refers to key management personnel who have authority and responsibility for planning, directing and controlling the activities of the organisation, directly or indirectly therefore the Trustees have included:

- the Academy Trustees
- Members of staff who have significant authority and responsibility for the day to day running of the academy trust
- Head teacher and senior leadership team

Setting pay for key management personnel is determined by following the relevant policy (Teachers' Performance Related Pay) which has been adopted from the Local Authority's Policy and comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD).

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Service

Report of the Trustees
for the Year Ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

As mentioned elsewhere in this document, HIBOS were awarded a contract to run the following local authority services: KS3 and 4 PRUs, hospital education and the behaviour support team. The contract is due for consideration of renewal in advance of the end of contract in December 2018 and HIBOS will give proper consideration to whether or not it is in its interests to seek to renew the contract in its current form or to seek to agree a new approach to leading and managing those services under a more permanent arrangement. There are clear potential benefits from such an arrangement that range from shared transport for pupils, through to a more coherent alternative provision services, greater financial opportunities and economies of scale and career opportunities. Shared human and other resources could significantly enhance provision for pupils. However, to date, few opportunities for collaboration have been realised.

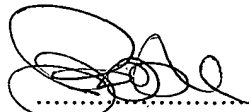
Charities supported during this financial year : McMillian Cancer; British Legion; Children in Need; NSPCC; Comic Relief ; Search & Rescue WMSAR; Help for Heroes; National Cyber Bullying Day.

AUDITORS

The auditors, Thorne Widgey Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 10th April 2018 and signed on the board's behalf by:



.....
Mrs J P Poole - Chair of Local Governing Body

Hereford Integrated Behaviour Outreach Service

Governance Statement
for the Year Ended 31 August 2017

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Hereford Integrated Behaviour Outreach Service 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Hereford Integrated Behaviour Outreach Service and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 1 time during the year. Attendance during the year at meetings of the board of trustees was as follows:

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governing Body has formally met 1 time during the period. These meetings also covered Finance and staffing agendas. Attendance during the period at meetings of the Governing Body was as follows:

Trustees		Meetings Attended	Out of a Possible
Dennis Longmore	Chair of Trustees	0	1
Lloyd Wilday	Resigned 30.11.2017	0	1
Jenny James	Appointed 30.11.2017		
June Poole	Appointed 28.9.2017		

The Board of Directors formally meets 3 times during the year but due to events regarding HBOS, emergency meeting held in August 2017.

Attendance during the year at meeting of the Board was as follows:

Director		Meetings Attended	Out of a Possible
June Poole		3	4
Eleanor			
Christopher	Resigned 30.04.2017	1	4
Chris Tindall		2	4
Dave Smith	Resigned 30.04.2017	1	4
	Chair of Directors Appointed		
Jan Baker	06.07.2016 Resigned 20.07.2017	2	4
Dame Oremi Evans			
DBE	Resigned 19.07.2017	1	4
Ed Edwards	Appointed 29.09.2017	1	1
Karen Owen	Appointed 04.12.2017		

The Local Governing Body has formally met 3 times during the year. Attendance at meetings of the Local Governing Body in the year was as follows:

Governors		Meetings Attended	Out of a Possible
June Poole	Chair of Governors	3	3
Dennis Longmore	Vice Chair	3	3
Jenny James		3	3
Jane Payne		3	3
Nathan River	Resigned 01.10.2017	0	3
Kevin Jones		0	3
Christine Rubery		2	3
	Apointed 21.03.2017 Resigned		
Jennifer Yeomans	01.10.2017	1	3
Marilyn Smith	Resigned 20.06.2017	1	3

Governance Statement
for the Year Ended 31 August 2017

Elizabeth Reynolds Appointed 01.06.2016

3

3

A review has been undertaken of the Governing Body focusing on the impact and effectiveness. This review included a full skills audit, identifying training needs and a restructure of the meetings. The Code of Practice for Governors has also been updated and will be reviewed as part of the annual cycle. The Code of Practice underpins the activities of the Governing Body.

The Finance & Premises is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

		Meetings Attended	Out of a Possible
June Poole	Chair	3	3
Jenny James		3	3
Kevin Jones		1	3
Jane Jayne		3	3
Dennis Longmore		2	3

Outstanding info

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

- Undertaking a review of catering, replacing previous provision with an external company, saving in the region of £50k per annum
- Replacing ageing and costly minibuses with new leased buses which are more fuel efficient
- Taking full control of all HIBOS spending with only two signatories and banking software that allows for detailed monitoring and scrutiny
- Freezing appointments until a full audit has revealed an accurate picture of HIBOS current financial position
- Avoiding a possibly costly disciplinary process through a negotiated settlement
- Replacing a costly and inefficient service level agreement for provision of ICT and investing in future proofed technology
- Ensuring that all purchases over £5k are preceded by three quotes to ensure value for money
- Ensuring that no one in the organisation can authorise spending at any level without a second signature from another authorised signatory
- Ensuring that no purchases over £10k can be authorised without the consent of the board of directors
- Maximising the deployment of all staff avoiding the necessity to employ further part time staff to fill gaps
- Moving away where possible from part time contracts that minimise flexibility
- Securing regular income with the letting of the Brookfield school hall twice a week
- Using Pupil Premium and the Primary PE Grant to prioritise and maximise the benefits for individuals or groups of students within the school
- Current Brookfield Head standing in for executive head in her absence without employing temporary executive head

Hereford Integrated Behaviour Outreach Service

Governance Statement for the Year Ended 31 August 2017

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 charitable company 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 Hereford Integrated Behaviour Outreach Service for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company 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 charitable company's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 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 Trust'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 Premises Sub 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 risks

The Board of Directors has considered the need for a specific internal audit function and has appointed Thorne Widgey as an Internal Auditor to audit on a termly basis in the future. The role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks will likely include:

- purchasing
- income
- payroll and payroll amendments
- cash flow and bank reconciliation
- reporting

On an annual basis, the auditor will report to the Board of directors on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

We confirm that the auditor function will be delivered in line with the schedule of work as planned. There has been no report in the year.

Review of Effectiveness

As Accounting Officer David Gaston has responsibility for reviewing the effectiveness of the system of internal control.

During the year in question the review has been informed by:

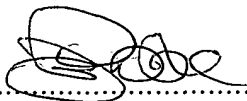
- the work of the Internal reviewer;
- the work of the external auditors;
- the financial management and governance of the Business Manager

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

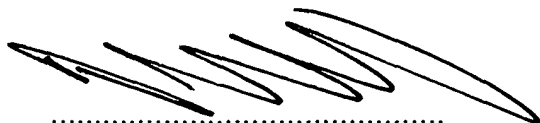
Hereford Integrated Behaviour Outreach
Service

Governance Statement
for the Year Ended 31 August 2017

Approved by order of the members of the board of trustees on 10th April 2018 and signed on its behalf by:



.....
Mrs J P Poole - Chair of Local Governing Body



.....
Mr David Gaston - Accounting Officer

Hereford Integrated Behaviour Outreach
Service

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2017

As accounting officer of Hereford Integrated Behaviour Outreach Service I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the charitable company 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 2016.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2016.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

I confirm that the following instances of material irregularity have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

- Failure to notify ESFA of an agreement between HIBOS and Herefordshire County Council to manage and run under contract Pupil Referral Services, Hospital Education and the Behaviour Support Team
- Failure to notify ESFA of an operating deficit
- Failure to request permission from ESFA to borrow a sum of money from the local authority equivalent to the deficit
- Failure to provide an annual audit of contracted services funding
- Historic failure to give due regard to value for money principles relating to operating leases
- Historic inappropriate payments made to staff members for roles not fulfilled
- Failure to have a functioning website to fulfil the governance disclosure requirements of the academies financial handbook
- There is no evidence to support the related party transactions are made at arms length and are reviewed to ensure they meet the "at cost" principles.

All of the above occurred before my appointment and a significant part of the work set out in this report has been aimed at addressing these issues cooperating throughout with ESFA.


.....
Mr David Gaston - Accounting Officer

Date: *6th April 2018*
.....

Hereford Integrated Behaviour Outreach
Service

Statement of Trustees Responsibilities
for the Year Ended 31 August 2017

The trustees (who act as governors of Hereford Integrated Behaviour Outreach Service and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

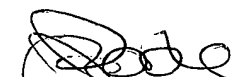
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have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

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Approved by order of the board of trustees on 10th April 2018 and signed on it's behalf by:



.....
Mrs J.P. Poole - Chair of Local Governing Body

Report of the Independent Auditors to the Members of
Hereford Integrated Behaviour Outreach
Service

Opinion

We have audited the financial statements of Hereford Integrated Behaviour Outreach Service (the 'charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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) and the Accounts Direction 2016 to 2017 issued by the Education Funding Agency (EFA).

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Qualified opinion

Accounting records

During the year there were changes to the accounting officer and school business manager positions, which highlighted uncertainties with the accounting function therefore not all evidence has been available to support transactions during the year. Our opinion is qualified in this respect.

Local Government Pension Scheme

The Trust is in ongoing discussions with the Local Authority regarding the LGPS for the HPRS so at the date of sign off the financial statements do not reflect any potential deficit arising from the HPRS element of the pension valuation. Our opinion is qualified in this respect.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 charitable company'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.

Material uncertainty relating to going concern

We draw attention to note 20 in the financial statements, which indicates that the Academy has negative restricted funds totalling £100,216 and £144,468 positive unrestricted funds at the year end. Although current assets do not exceed current liabilities at the year end there is some uncertainty surrounding the future of the HPRS contract, where the income (2017: £1.8m) has not been confirmed for the foreseeable future.

Please refer to note 1 accounting policies - going concern in the notes to the financial statements to highlight how the academy is addressing the deficit. If these actions were to prove to be unsuccessful, this may indicate that a material uncertainty exists and may cast doubt on the Academy's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of matter

The financial statements of the Academy Trust for the year ended 31 August 2016 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 14 December 2016.

Disclaimer

We express no opinion on the accuracy of the opening balances.

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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

In our opinion adequate accounting records have not been kept and we have not received all the information and explanations required to complete our audit:

Accounting records

During the year there were changes to the accounting officer and school business manager positions, which highlighted uncertainties with the accounting function therefore not all evidence has been available to support transactions during the year.

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

- 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
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.


Our 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 a Report of the Independent Auditors 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.

Report of the Independent Auditors to the Members of
Hereford Integrated Behaviour Outreach
Service

Our responsibilities for the audit of the financial statements

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


Mr Kevin Tong FCCA ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:16/4/18.....

Notes:

The maintenance and integrity of the Hereford Integrated Behaviour Outreach Service website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Reporting Accountant's Assurance Report on Regularity to
Hereford Integrated Behaviour Outreach
Service and the Education and Skills Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hereford Integrated Behaviour Outreach Service during the period 1 September 2016 to 31 August 2017 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 Hereford Integrated Behaviour Outreach Service and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hereford Integrated Behaviour Outreach Service and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hereford Integrated Behaviour Outreach Service and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hereford Integrated Behaviour Outreach Service's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hereford Integrated Behaviour Outreach Service's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to
Hereford Integrated Behaviour Outreach
Service and the Education and Skills Funding Agency

Conclusion

In the course of our work, the following has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not confirm the authorities which govern them.

As highlighted in the "Statement on Regularity, Propriety and Compliance" the following areas of non-compliance have occurred during the year:

- Failure to notify ESFA of an agreement between HIBOS and Herefordshire County Council to manage and run under contract Pupil Referral Services, Hospital Education and the Behaviour Support Team
- Failure to notify ESFA of an operating deficit
- Failure to request permission from ESFA to borrow a sum of money from the local authority equivalent to the deficit
- Failure to provide an annual audit of contracted services funding
- Historic failure to give due regard to value for money principles relating to operating leases
- Historic inappropriate payments made to staff members for roles not fulfilled
- Failure to have a functioning website to fulfil the governance disclosure requirements of the academies financial handbook
- There is no evidence to support the related party transactions are made at arms length and are reviewed to ensure they meet the "at cost" principles.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 23 in the attached accounts.



Thorne Widgery Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:16/4/18.....

Hereford Integrated Behaviour Outreach
Service

Statement of Financial Activities
for the Year Ended 31 August 2017

				31.8.17	31.8.16
		Unrestricted fund	Restricted fixed assets funds	Restricted general funds	Total funds
	Not es	£	£	£	Total funds as restated £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants		824	22,316	32,654	55,794
Transfer from Local Authority on conversion		-	-	-	-
Charitable activities					
Funding for the academy's educational operations	2	-	-	3,397,743	3,397,743
Other trading activities	3	10,211	-	296,592	306,803
Investment income	4	10	-	-	10
Total		11,045	22,316	3,726,989	3,760,350
EXPENDITURE ON					
Raising funds		-	-	-	-
Charitable activities					
Academy's educational operations		-	73,801	3,666,977	3,740,778
Total	5	-	73,801	3,666,977	3,740,778
NET INCOME/(EXPENDITURE)		11,045	(51,485)	60,012	19,572
Transfers between funds	20	-	(5,634)	5,634	-
Other recognised gains/(losses)					
Actuarial gains/losses on defined benefit schemes		-	-	131,000	131,000
Net movement in funds		11,045	(57,119)	196,646	150,572
RECONCILIATION OF FUNDS					
As previously reported		65,183	2,500,305	(1,398,096)	1,167,392
Prior year adjustment	11	68,240	12,503	(90,766)	(10,023)
As Restated		133,423	2,512,808	(1,488,862)	1,157,369
TOTAL FUNDS CARRIED FORWARD		144,468	2,455,689	(1,292,216)	1,307,941

The notes form part of these financial statements

Hereford Integrated Behaviour Outreach
Service

Balance Sheet
At 31 August 2017

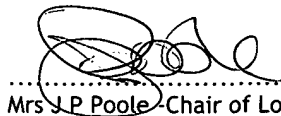
	Not es	31.8.17 £	31.8.16 as restated £
FIXED ASSETS			
Tangible assets	12	2,455,690	2,476,759
CURRENT ASSETS			
Debtors	13	150,156	43,316
Cash at bank and in hand		<u>227,390</u>	<u>21,844</u>
		377,546	65,160
CREDITORS			
Amounts falling due within one year	14	(265,168)	(101,897)
NET CURRENT ASSETS/(LIABILITIES)		<u>112,378</u>	<u>(36,737)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,568,068	2,440,022
CREDITORS			
Amounts falling due after more than one year	15	(68,127)	(26,653)
PENSION LIABILITY	21	(1,192,000)	(1,256,000)
NET ASSETS		<u>1,307,941</u>	<u>1,157,369</u>
FUNDS	20		
Unrestricted funds:			
Unrestricted		144,468	133,423
Restricted funds:			
General annual grant		(82,164)	(142,096)
Other restricted		(18,052)	(90,766)
Pension		(1,192,000)	(1,256,000)
DfE/ESFA capital grants		-	17,364
Transfer on conversion		2,416,779	2,514,524
Capital expenditure funded by GAG		<u>38,910</u>	<u>(19,080)</u>
		<u>1,163,473</u>	<u>1,023,946</u>
TOTAL FUNDS		<u>1,307,941</u>	<u>1,157,369</u>

The notes form part of these financial statements

Hereford Integrated Behaviour Outreach
Service

Balance Sheet - continued
At 31 August 2017

The financial statements were approved by the Board of Trustees on 10th April 2018 and were signed on its behalf by:



.....
Mrs J P Poole - Chair of Local Governing Body

Hereford Integrated Behaviour Outreach
Service

Cash Flow Statement
for the Year Ended 31 August 2017

		31.8.17	31.8.16 as restated
	Notes	£	£
Cash flows from operating activities:			
Cash generated from operations	1	<u>161,861</u>	<u>(153,292)</u>
Net cash provided by (used in) operating activities		<u>161,861</u>	<u>(153,292)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(40,412)	(8,962)
Capital grants from DfE/EFA		26,832	84,020
Interest received		<u>10</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(13,570)</u>	<u>75,058</u>
Cash flows from financing activities:			
New loans in year		60,000	-
Loan repayments in year		<u>(2,745)</u>	<u>(19,200)</u>
Net cash provided by (used in) financing activities		<u>57,255</u>	<u>(19,200)</u>
Cash transferred on conversion to an academy		<u>-</u>	<u>66,316</u>
Change in cash and cash equivalents in the reporting period		205,546	(31,118)
Cash and cash equivalents at the beginning of the reporting period		<u>21,844</u>	<u>52,962</u>
Cash and cash equivalents at the end of the reporting period		<u><u>227,390</u></u>	<u><u>21,844</u></u>

Notes to the Cash Flow Statement
for the Year Ended 31 August 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.17	31.8.16 as restated
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	19,572	(96,349)
Adjustments for:		
Depreciation	61,481	54,642
Capital grants from DfE/EFA	(26,832)	(84,020)
Transfer from Local Authority on conversion	-	(81,890)
Interest received	(10)	-
Increase in debtors	(106,840)	(37,014)
Increase in creditors	147,490	58,339
Difference between pension charge and cash contributions	67,000	33,000
Net cash provided by (used in) operating activities	<u>161,861</u>	<u>(153,292)</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Hereford Integrated Behaviour Outreach Service meets the definition of a public benefit entity under FRS 102.

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 company to continue as a going concern.

At the year end restricted funds are in a deficit position, being supported by unrestricted funds. The academy trust is in a period of change and is taking steps to reduce expenditure wherever possible to ensure deficit restricted fund balances do not increase however there is some uncertainty surrounding the future of the HPRS contract whereby the future funding of the project has not been confirmed at the date of sign off of these financial statements. If this project were not to continue there would be a saving of the associated expenditure.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the pension note, 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 2017. 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.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

1. ACCOUNTING POLICIES - continued

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 period 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.

Sponsorship income

Sponsorship income provided to the charity which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the charity's accounting policies.

1. ACCOUNTING POLICIES - continued

- Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

All resources are inclusive of irrecoverable VAT.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £2,000 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 each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Long leasehold	2% on cost
Improvements to property	4% on cost
Fixtures and fittings	15% on cost
Motor vehicles	20% on cost & 25% reducing balance
Computer equipment	15% & 33% on cost

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

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust 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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the accounts. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes to the accounts. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The academy trust 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 trust 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.

Fund accounting

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

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

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

Pension costs and other post-retirement benefits

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

2. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.17 Total funds	31.8.16 Total funds as restated
	£	£	£	£
DfE/ESFA revenue grant				
General Annual Grant (GAG)	-	807,567	807,567	828,122
Other DfE/ESFA grants	-	66,189	66,189	27,044
	-	873,756	873,756	855,166
Local Authority				
Local Authority	-	2,523,987	2,523,987	1,674,543
	-	3,397,743	3,397,743	2,529,709

3. OTHER TRADING ACTIVITIES

	31.8.17	31.8.16 as restated
	£	£
Facilities and services	91,814	61,716
Hire of facilities	5,037	3,968
Catering income	10,204	11,230
Income from other schools	183,547	59,738
Income from other organisations	16,201	12,828
	306,803	149,480

4. INVESTMENT INCOME

	31.8.17	31.8.16 as restated
	£	£
Deposit account interest	10	-

5. EXPENDITURE

	Staff costs	Non-pay expenditure		31.8.17 Total	31.8.16 Total as restated
	£	Premises £	Other costs £	£	£
Raising funds					
Costs of fundraising	-	-	-	-	43,338
Charitable activities					
Academies educational operations					
Direct costs	2,452,893	-	352,957	2,805,850	2,142,549
Allocated support costs	501,514	156,255	277,159	934,928	693,905
	2,954,407	156,255	630,116	3,740,778	2,879,792

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

5. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	31.8.17	31.8.16 as restated
	£	£
Auditors' remuneration	24,815	13,834
Depreciation - owned assets	61,480	54,642
Operating lease payments	<u>18,422</u>	<u>16,080</u>

High governance costs have arisen as a result of serious concerns that the new Business Manager and Accounting Officer (both appointed for 2017) had regarding financial and other issues, namely:

- Contracted services deficit
- Loan to cover deficit provided by local authority
- Local authority concerns regarding contracted services in year spending levels potentially exceeding income
- Lack of proper governance structure (Trustees, Directors) and accountability.

As a result of these concerns, the Board of Directors appointed a solicitor with significant academy expertise to provide appropriate guidance to ensure that our governance structure (trustees and directors) is correct and meets its statutory obligations and subsequently appointed auditors to properly appraise the financial position of HIBOS. The latter has resulted in a complex and therefore protracted process in order to get a position of clarity regarding HIBOS accounting. This has been achieved with financial statements for the year ended 31 August 2017 now completed. In addition, help has been provided to implement a new, robust and transparent accounting process to ensure future operating success.

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.17 Total funds	31.8.16 Total funds as restated
	£	£	£	£
Direct costs	-	2,805,850	2,805,850	2,142,549
Support costs	-	<u>934,928</u>	<u>934,928</u>	<u>693,905</u>
	-	<u>3,740,778</u>	<u>3,740,778</u>	<u>2,836,454</u>

	31.8.17 Total	31.8.16 Total as restated
	£	£
Analysis of support costs		
Support staff costs	501,514	338,685
Depreciation	23,739	16,900
Administrative supplies	137,485	154,293
Premises costs	156,255	109,044
Other support costs	91,120	61,149
Governance costs	<u>24,815</u>	<u>13,834</u>
Total support costs	<u>934,928</u>	<u>693,905</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2017 nor for the year ended 31 August 2016.

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Dame O R Evans (resigned 19.7.17)	Remuneration	50,000 - 55,000	(2016: £135,000 - £140,000)
	Employers Pension Contributions	5,000 - 10,000	(2016: £10,000 - £15,000)
D A Gaston (appointed 7.12.16)	Remuneration	45,000 - 50,000	(2016: £NIL)
	Employers Pension Contributions	5,000 - 10,000	(2016: £NIL)

Remuneration for governors appointed and resigning during the year are only stated for the period the individual was acting as a governor.

Other related party transactions involving the trustees are set out in the notes to the financial statements.

Trustees' expenses

During the year ended 31 August 2017, travel, subsistence and other expenses totalling £1,493 (2016: £1,400) were reimbursed or paid directly to 3 (2016: 4) trustees.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

8. STAFF COSTS

	31.8.17	31.8.16 as restated
	£	£
Wages and salaries	2,360,653	1,888,083
Social security costs	197,935	141,589
Operating costs of defined benefit pension schemes	<u>395,819</u>	<u>280,771</u>
	2,954,407	2,310,443
Supply teacher costs	<u>-</u>	<u>5,334</u>
	<u>2,954,407</u>	<u>2,315,777</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £NIL (2016: £NIL).

Key management

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £748,440 (2016: £707,710).

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.17	31.8.16
Management	5	4
Teaching	39	17
Admin and support	<u>62</u>	<u>27</u>
	<u>106</u>	<u>48</u>

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

	31.8.17	31.8.16
£60,001 - £70,000	1	1
£70,001 - £80,000	<u>2</u>	<u>-</u>
	<u>3</u>	<u>1</u>

9. 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 period ended 31 August 2017 is included in the total insurance cost.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted fixed assets funds	Restricted general funds	Total funds as restated £
	£	£	£	
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	5,315	11,949	5,100	22,364
Transfer from Local Authority on conversion	66,316	15,574	-	81,890
Charitable activities				
Funding for the academy's educational operations	-	-	2,529,709	2,529,709
Other trading activities	82,943	-	66,537	149,480
Total	154,574	27,523	2,601,346	2,783,443
EXPENDITURE ON				
Raising funds	38,281	5,057	-	43,338
Charitable activities				
Academy's educational operations	-	8,826	2,827,628	2,836,454
Total	38,281	13,883	2,827,628	2,879,792
NET INCOME/(EXPENDITURE)	116,293	13,640	(226,282)	(96,349)
Transfers between funds	(10,000)	10,000	-	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	-	(397,000)	(397,000)
Net movement in funds	106,293	23,640	(623,282)	(493,349)
RECONCILIATION OF FUNDS				
Total funds brought forward	27,130	2,489,168	(865,580)	1,650,718
TOTAL FUNDS CARRIED FORWARD	133,423	2,512,808	(1,488,862)	1,157,369

11. PRIOR YEAR ADJUSTMENT

The HPRS element of the Academy Trust had previously been excluded from the financial statements for Hereford Integrated Behaviour Outreach Service, therefore this has been accounted for as a prior year adjustment.

The adjustment resulted in a decrease of closing funds by £10,023.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Improvements to property £	Fixtures and fittings £
COST			
At 1 September 2016	2,473,273	39,568	1,000
Additions	-	16,265	7,333
At 31 August 2017	<u>2,473,273</u>	<u>55,833</u>	<u>8,333</u>
DEPRECIATION			
At 1 September 2016	75,484	2,983	100
Charge for year	<u>37,742</u>	<u>2,233</u>	<u>1,250</u>
At 31 August 2017	<u>113,226</u>	<u>5,216</u>	<u>1,350</u>
NET BOOK VALUE			
At 31 August 2017	<u>2,360,047</u>	<u>50,617</u>	<u>6,983</u>
At 31 August 2016	<u>2,397,789</u>	<u>36,585</u>	<u>900</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2016	52,322	17,848	2,584,011
Additions	-	16,813	40,411
At 31 August 2017	<u>52,322</u>	<u>34,661</u>	<u>2,624,422</u>
DEPRECIATION			
At 1 September 2016	21,173	7,512	107,252
Charge for year	<u>9,717</u>	<u>10,538</u>	<u>61,480</u>
At 31 August 2017	<u>30,890</u>	<u>18,050</u>	<u>168,732</u>
NET BOOK VALUE			
At 31 August 2017	<u>21,432</u>	<u>16,611</u>	<u>2,455,690</u>
At 31 August 2016	<u>31,149</u>	<u>10,336</u>	<u>2,476,759</u>

On conversion land and buildings with the value of £2,473,273 lease to the academy on a 125 year lease, included within this value is non depreciated land valued at £586,173.

Assets relating to photovoltaic panels that were purchased through a loan from Herefordshire Council at a book value of £35,000.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.17	31.8.16 as restated
	£	£
VAT	23,139	20,725
Prepayments and accrued income	<u>127,017</u>	<u>22,591</u>
	<u>150,156</u>	<u>43,316</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.17	31.8.16 as restated
	£	£
Other loans (see note 16)	20,833	10,000
Trade creditors	57,874	9,920
Social security and other taxes	100,828	43,899
Accruals and deferred income	46,667	12,289
Accrued expenses	<u>38,966</u>	<u>25,789</u>
	<u>265,168</u>	<u>101,897</u>

Deferred income

	31.8.17 £
Deferred Income at 1 September 2016	12,289
Resources deferred in the year	46,667
Amounts released from previous years	<u>(12,289)</u>
Deferred Income at 31 August 2017	<u>46,667</u>

At the balance sheet date the Academy Trust was holding funds received in advance for £46,667 relating to KS4 top up for the period to 31 March 2018.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.17	31.8.16 as restated
	£	£
Other loans (see note 16)	66,225	19,800
Other creditors	<u>1,902</u>	<u>6,853</u>
	<u>68,127</u>	<u>26,653</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

16. LOANS

An analysis of the maturity of loans is given below:

	31.8.17	31.8.16 as restated
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>20,833</u>	<u>10,000</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>66,225</u>	<u>19,800</u>

Included in loans is a loan taken out from Herefordshire Council on 28th August 2013 for the value of £57,500. The loan was supplied to fund a minibus and photovoltaic panels and will be repaid by 2021.

During the year to 31 August 2017 an additional loan was taken out for the value of £60,000 from Herefordshire Council for the purpose of redundancy costs. The loan will be repaid by by monthly instalments of £2,166 and a final payment of £1,518.

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.17	31.8.16 as restated
	£	£
Within one year	18,081	15,645
Between one and five years	<u>48,439</u>	<u>56,198</u>
	<u>66,520</u>	<u>71,843</u>

18. MEMBERS' LIABILITY

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted fixed assets funds	Restricted general funds	31.8.17 Total funds	31.8.16 Total funds as restated
	£	£	£	£	£
Fixed assets	-	2,455,690	-	2,455,690	2,476,759
Current assets	144,468	(1)	233,079	377,546	65,160
Current liabilities	-	-	(265,168)	(265,168)	(101,897)
Long term liabilities	-	-	(68,127)	(68,127)	(26,653)
Pension liability	-	-	(1,192,000)	(1,192,000)	(1,256,000)
	<u>144,468</u>	<u>2,455,689</u>	<u>(1,292,216)</u>	<u>1,307,941</u>	<u>1,157,369</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

20. MOVEMENT IN FUNDS

	At 1.9.16 £	Prior year adjustment £	Net movement in funds £	Transfers between funds £	At 31.8.17 £
Unrestricted funds					
Unrestricted	65,183	68,240	11,045	-	144,468
Restricted funds					
General annual grant	(142,096)	-	54,298	5,634	(82,164)
Other restricted	-	(90,766)	72,714	-	(18,052)
Pension	(1,256,000)	-	64,000	-	(1,192,000)
DfE/ESFA capital grants	17,364	-	-	(17,364)	-
Transfer on conversion	2,502,021	12,503	(49,759)	(47,986)	2,416,779
Capital expenditure funded by GAG	(19,080)	-	(11,721)	69,711	38,910
Other Capital	-	-	9,995	(9,995)	-
	<u>1,102,209</u>	<u>(78,263)</u>	<u>139,527</u>	<u>-</u>	<u>1,163,473</u>
TOTAL FUNDS	<u>1,167,392</u>	<u>(10,023)</u>	<u>150,572</u>	<u>-</u>	<u>1,307,941</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted	11,045	-	-	11,045
Restricted funds				
General annual grant	807,566	(753,268)	-	54,298
Other DfE/EFSA grants	66,189	(66,189)	-	-
Other restricted	2,853,234	(2,780,520)	-	72,714
DfE/ESFA capital grants	12,320	(12,320)	-	-
Transfer on conversion	1	(49,760)	-	(49,759)
Other Capital	9,995	-	-	9,995
Pension	-	(67,000)	131,000	64,000
Capital expenditure funded by GAG	-	(11,721)	-	(11,721)
	<u>3,749,305</u>	<u>(3,740,778)</u>	<u>131,000</u>	<u>139,527</u>
TOTAL FUNDS	<u>3,760,350</u>	<u>(3,740,778)</u>	<u>131,000</u>	<u>150,572</u>

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

- General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at the year end.
- Other DfE/EFSA Grants: are utilised for the purposes intended by the donor.
- Other Restricted General Funds: includes funding for the HPRS unit and other restricted funding.
- The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.
- Unrestricted Funds: are all those income and expenses for general use in the Academy.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

20. MOVEMENT IN FUNDS - continued

Transfers between funds

A transfer between funds has been made during the year to realign the closing fund balances.

21. PENSION AND SIMILAR OBLIGATIONS

The academy trust'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 Worcestershire County Council. Both are multi-employer defined benefit schemes. The LGPS scheme is solely in relation to the Brookfields part of the academy.

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

Contributions amounting to £38,725 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' pension scheme

Introduction

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

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

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%. During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £227,988 (2016: £174,365).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Local government pension scheme

The LGPS valuation included within these financial statements relates only to The Brookfield School as there is ongoing discussions with the Local Authority regarding the HPRS element of the LGPS which has precluded the valuation from inclusion at the date of sign off of these financial statements.

The Brookfield School

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for The Brookfield School for the year ended 31 August 2017 was £128,317 of which employer's contributions totalled £104,578 and employees' contributions totalled £23,739. The agreed contribution rates for future years are 16.5% for employers and between 5.5% to 10.5% for employees.

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

As the scheme is in deficit, the school has entered into an agreement with the governors to make additional contributions in addition to normal funding levels.

The rates payable over a three year period will be the Future Service Rate of 16.5% of payroll plus phased lump sum deficit contributions starting at £38,600 for the year 2018, increasing by approximately 3.7% per annum. The rate payable from 1 April 2020 will be further revised following the valuation of the Pension Fund which will take place on 31 March 2019.

The current estimated recovery period is 18 years.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16 as restated
	£	£
Present value of funded obligations	(1,615,000)	(1,508,000)
Fair value of plan assets	423,000	252,000
	<u>(1,192,000)</u>	<u>(1,256,000)</u>
Deficit	<u>(1,192,000)</u>	<u>(1,256,000)</u>
Liability	<u><u>(1,192,000)</u></u>	<u><u>(1,256,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16 as restated
	£	£
Current service cost	145,000	96,000
Net interest from net defined benefit asset/liability	25,000	31,000
	<u>170,000</u>	<u>127,000</u>
Actual return on plan assets	<u>62,000</u>	<u>6,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16 as restated
	£	£
Defined benefit obligation	1,508,000	924,000
Current service cost	145,000	96,000
Contributions by scheme participants	24,000	23,000
Interest cost	31,000	37,000
Actuarial losses/(gains)	(75,000)	429,000
Benefits paid	(18,000)	(1,000)
	<u>1,615,000</u>	<u>1,508,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16 as restated
	£	£
Fair value of scheme assets	252,000	98,000
Contributions by employer	105,000	101,000
Contributions by scheme participants	24,000	23,000
Expected return	6,000	6,000
Actuarial gains/(losses)	56,000	-
Benefits paid	(18,000)	(1,000)
Curtailments	-	25,000
Assets administration expenses	(2,000)	-
	<u>423,000</u>	<u>252,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16 as restated
	£	£
Actuarial gains/(losses)	<u>131,000</u>	<u>(397,000)</u>
	<u>131,000</u>	<u>(397,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.17	31.8.16
Equities	86.1%	83.4%
Bonds	5.2%	6.3%
Property	3.8%	4.5%
Cash/liquidity	1.3%	2.3%
Other	3.6%	3.5%

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

21. PENSION AND SIMILAR OBLIGATIONS
- continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.17	31.8.16
Discount rate	2.4%	2.1%
Future salary increases	3.7%	3.3%
Future pension increases	2.2%	1.9%
CPI inflation rate	2.2%	1.8%

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males	22.6	23.5
Females	25.6	25.9
Retiring in 20 years		
Males	24.8	25.8
Females	27.9	28.2

Sensitivity analysis:

	£000's
+0.1% p.a. discount rate	1,156
+0.1% p.a. inflation	1,229
+0.1% p.a. pay growth	1,200
1 year increase in life expectancy	1,221

22. CONTINGENT LIABILITIES

There are no contingent liabilities to disclose.

23. RELATED PARTY DISCLOSURES

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

The following related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed:

Christopher Tindall, a trustee of Brookfield School, has invoiced the academy for services relating to Hereford Vocational training that amount to £1,250. There is no evidence to support the transactions are made at arm's length and are reviewed to ensure they meet the "at cost" principles, however subsequent transactions meet the criteria.

There were no balances outstanding at the year end.

Elizabeth Reynolds, a member of the governing body of Brookfield School, has invoiced the academy for services relating to Upper House Farm that amount to £1,100. There is no evidence to support the transactions are made at arm's length and are reviewed to ensure they meet the "at cost" principles.

There were no balances outstanding at the year end.