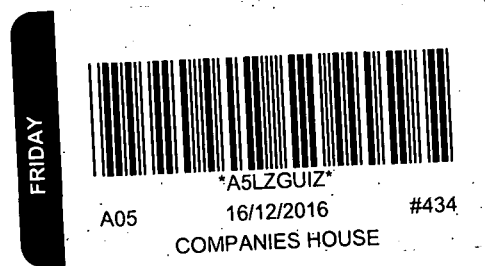


SEVERN VALE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | |
|-----------------|--|
| Members | Amanda Browne, Chair of Trustees Carl Beech Tanya Ciriaco (resigned 18 May 2016) Richard Johnson Jane Ireland (appointed 17 May 2016) |
| Trustees | Jo Allsopp (appointed 1 December 2015) ³ Adrian Ayland Carl Beech ^{1,4} Amanda Browne ^{2,4} Lucy Cannon (resigned 5 February 2016) Tanya Ciriaco, Chair of Trustees (resigned 18 May 2016) ^{2,4} Sarah Cockin (appointed 22 April 2016) Andrew Connor ² Jill Evans ² Caroline Hanman (resigned 2 January 2016) Susan Hawkins ¹ Jane Ireland (appointed 3 September 2015) Richard Johnson, Headteacher ^{1,2,3,4} Karen Kyffin (resigned 3 February 2016) Hannah Norman (appointed 17 June 2016) Ian Pogue ¹ Robert Rankin (appointed 22 April 2016) James Self (resigned 21 July 2016) Richard Wallace ³ Maxine Lee (resigned 10 February 2016) Nicola Trim (resigned 9 December 2015) Trudy Wellis (resigned 1 September 2015) Stephen Wilson ¹ |

¹ Resources Committee

² Curriculum and Achievement Committee

³ Children, Families and Community Committee

⁴ Steering Committee

| | |
|--|--|
| Company registered number | 07705465 |
| Company name | Severn Vale School |
| Principal and registered office | School Lane Quedgeley Gloucester Gloucestershire GL2 4PR |
| Company secretary | L Kingscott |
| Accounting Officer | R Johnson |

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Senior Leadership Team

Richard Johnson, Headteacher
Ben Wakeford, Deputy Head
Kirsten Prescott, Deputy Head
Jill Evans, Assistant Head
Mark Nichols, Assistant Head
Louise Kingscott, Business Manager

Independent auditors

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

Bankers

Lloyds Bank plc
Gloucester
Gloucestershire
GL1 1NU

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Quedgeley, Gloucester. It has a pupil capacity of 1,175 and had a roll of 1,186 in the school census on 5 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

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

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

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

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

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

Members' Liability

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

Trustees' Indemnities

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

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

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

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

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

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

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

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

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

Connected Organisations, including Related Party Relationships

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

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

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

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The main objectives of the Academy's Financial Plan during the period ended 31 August 2016 are summarised below:

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

Objectives, Strategies and Activities

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

The quality of teaching across the Academy is consistently good and, in a number of areas, is outstanding as evidenced by a variety of Quality Assurance (QA) activities and student outcomes. A strong commitment to the core subjects of English and Maths has seen consistently strong exam performances for the last three years with most pupil groups making good progress and achieving well.

**SEVERN VALE SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

Public Benefit

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

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

STRATEGIC REPORT

Achievements and Performance

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

In its most recent inspection in 2011 Ofsted concluded that the Academy was a Good school with outstanding features.

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

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

The school had a section 8 inspection in January 2016. This visit confirmed that the school remained good". The

**SEVERN VALE SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

inspectors confirmed that the school's "senior leaders and governors have an accurate understanding of the strengths of the school and of what needs to be improved further to ensure that all teaching and learning are at the very high-level you expect."

Exam Results:

Results have been transformed in recent years. Historically the Academy did not have a positive reputation. In the 1990s only 11% of students gained 5+ GCSEs (A*C). In 2016 the school's results were lower than expected. Clear plans have been put into place to ensure that results return to the significantly higher than national average level they were at previously.

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

Key Performance Indicators

The number of students is a key performance indicator for the Academy as the majority of funding received is based on student numbers. The Academy has an admission number of 235, equating to an 8 form entry. Sustaining that 8 form entry is a key task and the fact that Severn Vale is heavily oversubscribed reflects the transformation that the Academy has undergone in recent years. The reputation of the Academy has been significantly enhanced amongst the community.

Going Concern

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

FINANCIAL REVIEW

Financial Review

The Academy's financial objectives are:

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

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2016, total expenditure (excluding the restricted fixed asset fund) of £6,539,683 was funded by recurrent grant funding from the EFA together with other incoming resources. The deficit for the year (excluding restricted fixed asset funds) was £200,863.

**SEVERN VALE SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

At 31 August 2016 the net book value of fixed assets was £12,890,234 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The Academy operates a defined benefit pension scheme for support staff and is therefore required to recognise the assets and liabilities of the pension fund on its Balance Sheet. The Academy has obtained a valuation report from its actuaries, Hymans Robertson LLP, which shows that at 31 August 2016 the scheme has assets of £1,711,000 and liabilities of £4,255,000 with a pension deficit of £2,544,000. The Trustees recognise that this is not a significant issue as the scheme has a large number of active and contributing members. This liability is therefore expected to reduce steadily as scheme member contributions continue.

Reserves Policy

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

The Trustees aim to carry forward 2% of the Academy's annual revenue funding to maintain the staffing structure where possible and level of resources available for students' learning. At the year end the Academy's unrestricted funds were £373,688.

Investment Policy

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

- Money will only be placed with financial institutions who are considered to be "safe" having good credit ratings and in countries known to be stable.
- Consideration should be given to spreading the risk of any bank defaulting by spreading deposits across more than one financial institution.
- To maximise income level.
- The length of investment must not compromise Academy cash flow.
- All investments must be approved in advance by the Headteacher and Chair of Trustees and reported at the next Resources Committee meeting

Principal Risks And Uncertainties

Risk Management:

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

Financial and Risk Management Objectives and Policies:

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

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

1. Government funding

The Academy has considerable reliance on continued government funding through the EFA. In the period under review over 97% of the Academy's recurring revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

2. Pupil Numbers

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

- **Challenge:**

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

- **Compare:**

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

- **Consult:**

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

- **Compete:**

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

3. Maintain adequate funding of pension liabilities

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

PLANS FOR FUTURE PERIODS

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

Leadership & Management:

- Further develop and embed the culture of high expectation, aspiration and growth mindset amongst students, parents and staff
- Explore ways of further developing leadership across the Academy
- Further develop the level of challenge, support and guidance from the Governing Body

Personal development, behaviour and attendance:

- Further develop and embed the processes and impact of the Academy's "Gateway" facility
- Work with pupils to ensure the highest standards of uniform and appearance
- Improve work with the EWO in further reducing Prior Attainments (PAs)
- Further improve the attendance of FSM6 ever pupils
- Maintain the improvements in punctuality seen in the current academic year

**SEVERN VALE SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Teaching, learning and assessment:

- Improve the attainment and progress of the High PA group through consistently challenging lessons and high expectations
- Continue to develop a more personalised approach to professional development whilst ensuring that new staff and those new to the profession are also supported effectively
- Developing peer and collaborative QA / professional development activities especially lesson observations, learning walks and work sampling
- Further develop the quality of homework with a focus on knowledge, testing and practice
- Explore the opportunities for enhanced learning through the use of technology
- Embed the key elements of the Literacy Action Plan
- Establish common working practices for Numeracy across Maths / DT / Science
- Continue to develop the quality of marking and feedback across the Academy including the effective use of Dedicated Improvement and Reflection Time as a tool for learning
- Continue to develop and embed the new KS3 assessment system with a focus on progress
- Continue to develop the wider learning experience for Year 7 and ensure that skills developed cascade into Year 8 and beyond

Outcomes:

- Reduce in-school variation in non-core subjects at Key Stage 4
- Narrow the achievement gap yet between Pupil Premium and non Pupil Premium students
- Increase attainment and progress of the High PA group
- Increase further the proportion of students making 4 levels of progress in English and Maths

The Academy also has a clear Premises Development Plan (PDP). A number of key elements on this plan were delivered in the summer of 2016 including improvement of the schools catering provision by fitting an entire new kitchen. This involved the controlled removal of asbestos before any invasive work could take place.

Following this new extraction, windows and equipment were added along with new wiring, ceiling and wall panels, allowing the newly appointed catering company to improve our current provision additional training for staff and their own brand of marketing. The reception area was refitted with up to date electrical/data wiring and CCTV including an access control system for the front door. In addition, a new reception desk was fitted along with a glazed enclosure for visitors. This not only increased the security of main reception, but formed a more natural route for people flow outside the waiting area. The reception back office was also refitted to create a bright, open area with clean lines creating an improved working environment. The staff room and staff work room were also refitted with new flooring and the addition of additional benching, decoration and new lockers for use by staff for storage of personal items throughout the day. There were several office moves and an additional classrooms created by the decommissioning of one IT room to make way for a new futures teaching area. An additional geography room was also created. The corridors and site in general were painted and cleaned, along with testing of fire and security systems. The whole site was also given its 5 yearly compulsory fixed wire electrical test.

A new PDP is now being developed in conjunction with the Local Authority. A key element of this is consideration of the potential for dealing with projected increases in student numbers and pressure to increase the Planned Admissions Number (PAN). Meetings with the Local Authority are currently taking place to consider this issue and the level of support that would be available. Trustees and the Senior Leadership Team are also discussing the merits of an increase in PAN.

**SEVERN VALE SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

AUDITORS

In so far as the Trustees are aware:

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

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 6 December 2016 and signed on the board's behalf by:



**Amanda Browne
Chair of Trustees**

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

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

| Trustee | Meetings attended | Out of a possible |
|----------------------------------|-------------------|-------------------|
| Amanda Browne, Chair of Trustees | 6 | 6 |
| Carl Beech | 6 | 6 |
| Tanya Ciriaco | 5 | 5 |
| Jane Ireland | 5 | 6 |
| Jo Allsopp | 2 | 5 |
| Adrian Ayland | 4 | 6 |
| Lucy Cannon | 1 | 2 |
| Sarah Cockin | 1 | 2 |
| Andrew Connor | 5 | 6 |
| Jill Evans | 5 | 6 |
| Caroline Hanman | 1 | 2 |
| Susan Hawkins | 5 | 6 |
| Richard Johnson | 5 | 6 |
| Karen Kyffin | 0 | 2 |
| Hannah Norman | 1 | 1 |
| Ian Pogue | 6 | 6 |
| Robert Rankin | 2 | 2 |
| James Self | 4 | 6 |
| Richard Wallace | 6 | 6 |
| Maxine Lee | 0 | 3 |
| Nicola Trim | 0 | 1 |
| Stephen Wilson | 6 | 6 |

Governance reviews:

A Governance Review was undertaken in January 2015 with the assistance of Gloucestershire County Council. The Trustees all completed self assessment forms and these were evaluated by Gloucestershire County Council to determine how effective the Governing Body was and how well it was performing. A number of action points came out of the review and these are in the process of being addressed.

The Resources Committee is a sub-committee of the main Board of Trustees, which also acts as the Audit Committee. Its purpose is to aid the main Governing Body in monitoring and making financial decisions.

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

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| Lucy Cannon | 2 | 2 |
| Susan Hawkins | 7 | 7 |
| Carl Beech | 6 | 7 |
| Richard Johnson | 7 | 7 |
| Ian Pogue | 7 | 7 |
| Stephen Wilson | 4 | 6 |
| Hannah Norman | 1 | 1 |
| Amanda Browne | 1 | 1 |

REVIEW OF VALUE FOR MONEY

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

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

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

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Severn Vale School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. Three times a year, the auditors report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the current period included:

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

On a termly basis, the reviewer reports to the Board of Trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The agreed schedule of check was delivered and no material control issues were identified.

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

GOVERNANCE STATEMENT (continued)

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

REVIEW OF EFFECTIVENESS

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

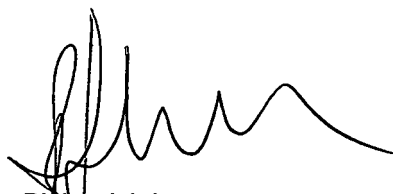
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 6 December 2016 and signed on their behalf, by:



**Amanda Browne
Chair of Trustees**



**Richard Johnson
Accounting Officer**

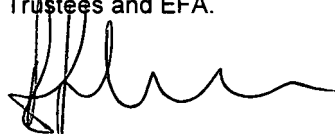
**SEVERN VALE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Severn Vale School I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



**Richard Johnson
Accounting Officer**

Date: 6 December 2016

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Amanda Browne
Chair of Trustees**

Date: 6 December 2016

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

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

We have audited the financial statements of Severn Vale School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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:

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

Bishop Fleming LLP

David Butler FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date:

15 December 2016

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

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

In accordance with the terms of our engagement letter dated 14 May 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Severn Vale School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Severn Vale School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming LLP

David Butler FCA DChA (Reporting Accountant)

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

Date: *15 December 2016*

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations | 3 | - | 6,668 | 23,828 | 30,496 | 52,048 |
| Charitable activities | 4 | 107,011 | 6,198,500 | - | 6,305,511 | 6,162,947 |
| Other trading activities | 5 | 25,778 | - | - | 25,778 | 50,103 |
| Investments | 6 | 863 | - | - | 863 | 826 |
| TOTAL INCOME | | 133,652 | 6,205,168 | 23,828 | 6,362,648 | 6,265,924 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 243,842 | 6,295,841 | 325,882 | 6,865,565 | 6,652,271 |
| TOTAL EXPENDITURE | 7 | 243,842 | 6,295,841 | 325,882 | 6,865,565 | 6,652,271 |
| NET EXPENDITURE BEFORE TRANSFERS | | (110,190) | (90,673) | (302,054) | (502,917) | (386,347) |
| Transfers between Funds | 18 | - | (162,965) | 162,965 | - | - |
| NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES | | (110,190) | (253,638) | (139,089) | (502,917) | (386,347) |
| Actuarial gains/(losses) on defined benefit pension schemes | 22 | - | (478,000) | - | (478,000) | 48,000 |
| NET MOVEMENT IN FUNDS | | (110,190) | (731,638) | (139,089) | (980,917) | (338,347) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 483,878 | (1,812,362) | 13,029,323 | 11,700,839 | 12,039,186 |
| TOTAL FUNDS CARRIED FORWARD | | 373,688 | (2,544,000) | 12,890,234 | 10,719,922 | 11,700,839 |

The notes on pages 25 to 44 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 AUGUST 2016**

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|--------------------|-------------------|--------------------|-------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 12,890,234 | | 13,029,323 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 270,039 | | 295,366 | |
| Cash at bank and in hand | | 557,202 | | 668,155 | |
| | | <u>827,241</u> | | <u>963,521</u> | |
| CREDITORS: amounts falling due within one year | 16 | <u>(453,553)</u> | | <u>(371,005)</u> | |
| NET CURRENT ASSETS | | | <u>373,688</u> | | <u>592,516</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>13,263,922</u> | | <u>13,621,839</u> |
| Defined benefit pension scheme liability | 22 | (2,544,000) | | (1,921,000) | |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>10,719,922</u> | | <u>11,700,839</u> |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted income funds: | | | | | |
| General funds | 18 | - | | 108,638 | |
| Fixed asset funds | 18 | 12,890,234 | | 13,029,323 | |
| Restricted income funds excluding pension liability | | <u>12,890,234</u> | | <u>13,137,961</u> | |
| Pension reserve | | <u>(2,544,000)</u> | | <u>(1,921,000)</u> | |
| Total restricted income funds | | | 10,346,234 | | 11,216,961 |
| Unrestricted income funds | 18 | | <u>373,688</u> | | <u>483,878</u> |
| TOTAL FUNDS | | | <u>10,719,922</u> | | <u>11,700,839</u> |

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:



**Amanda Browne
Chair of Trustees**

The notes on pages 25 to 44 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | 2016 £ | 2015 £ |
|--|-------------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 20 | 51,149 | (202,254) |
| Cash flows from investing activities: | | | |
| Interest received | | 863 | 826 |
| Purchase of tangible fixed assets | | (186,793) | (147,071) |
| Capital grants from DfE/EFA | | 23,828 | 23,744 |
| Net cash used in investing activities | | (162,102) | (122,501) |
| Change in cash and cash equivalents in the year | | (110,953) | (324,755) |
| Cash and cash equivalents brought forward | | 668,155 | 992,910 |
| Cash and cash equivalents carried forward | 21 | 557,202 | 668,155 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

1.1 GENERAL INFORMATION

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

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

First time adoption of FRS 102

These financial statements are the first financial statements of Severn Vale School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Severn Vale School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.3 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.4 FUND ACCOUNTING

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

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

1.5 INCOME

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.6 EXPENDITURE

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

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

All resources expended are inclusive of irrecoverable VAT.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------------------|---|-------------------------------|
| Long term leasehold land | - | 125 years straight line |
| Long term leasehold buildings | - | 20 and 50 years straight line |
| Fixtures and fittings | - | 10 years straight line |
| Computer equipment | - | 3 years straight line |

1.8 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.9 TAXATION

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

1.10 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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 in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.11 OPERATING LEASES

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

1.12 DEBTORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.13 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.14 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2016.

SEVERN VALE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | - | 6,668 | - | 6,668 | 28,304 |
| Capital Grants | - | - | 23,828 | 23,828 | 23,744 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and capital grants | - | 6,668 | 23,828 | 30,496 | 52,048 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

In 2015, of the total income from donations and capital grants, £28,304 was unrestricted and £23,744 was in relation to restricted fixed asset funds.

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant | - | 5,714,537 | 5,714,537 | 5,604,970 |
| Other DfE/EFA grants | - | 342,617 | 342,617 | 347,173 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 6,057,154 | 6,057,154 | 5,952,143 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other government grants | | | | |
| High Needs | - | 141,346 | 141,346 | 109,264 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | 141,346 | 141,346 | 109,264 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other funding | | | | |
| Income for hosting trainee teachers | 42,916 | - | 42,916 | 21,950 |
| Sales to students | 19,626 | - | 19,626 | 13,813 |
| Music tuition, trip income and other income | 44,469 | - | 44,469 | 65,777 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 107,011 | - | 107,011 | 101,540 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 107,011 | 6,198,500 | 6,305,511 | 6,162,947 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

In 2015, of the total income from charitable activities, £101,540 was unrestricted, £6,061,407 was restricted.

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings | 7,399 | - | 7,399 | 45,252 |
| Consultancy | 18,379 | - | 18,379 | 4,851 |
| | <u>25,778</u> | <u>-</u> | <u>25,778</u> | <u>50,103</u> |

In 2015, of the total income from other trading activities, £50,103 was unrestricted.

6. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 863 | - | 863 | 826 |
| | <u>863</u> | <u>-</u> | <u>863</u> | <u>826</u> |

In 2015, of the total investment income, £826 was unrestricted.

7. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|---------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Education: | | | | | |
| Direct costs | 4,433,478 | 226,347 | 573,222 | 5,233,047 | 5,195,393 |
| Support costs | 608,886 | 439,843 | 583,789 | 1,632,518 | 1,456,878 |
| | <u>5,042,364</u> | <u>666,190</u> | <u>1,157,011</u> | <u>6,865,565</u> | <u>6,652,271</u> |

In 2016, of the total expenditure, £243,842 (2015: £130,271) was from unrestricted funds, £6,295,841 (2015: £6,133,210) was from restricted funds and £325,882 (2015: £388,790) was in relation to the restricted fixed asset fund.

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. DIRECT COSTS

| | Total 2016 £ | Total 2015 £ |
|-----------------------|--------------------|--------------------|
| Pension finance costs | 42,000 | 48,146 |
| Educational supplies | 322,719 | 304,981 |
| Examination fees | 94,896 | 110,232 |
| Staff development | 45,062 | 46,767 |
| Educational trips | 26,819 | 44,965 |
| Supply teachers | 70,651 | 61,499 |
| Technology costs | 1,543 | 1,080 |
| Wages and salaries | 3,434,788 | 3,421,794 |
| National insurance | 292,808 | 262,026 |
| Pension cost | 615,231 | 544,434 |
| Depreciation | 286,530 | 349,469 |
| | <u>5,233,047</u> | <u>5,195,393</u> |

9. SUPPORT COSTS

| | Total 2016 £ | Total 2015 £ |
|---------------------------------------|--------------------|--------------------|
| Pension finance costs | 32,000 | 20,854 |
| Recruitment and support | 20,723 | 20,071 |
| Maintenance of premises and equipment | 163,952 | 86,269 |
| Cleaning | 106,185 | 110,099 |
| Rent and rates | 61,356 | 48,803 |
| Energy costs | 84,415 | 72,170 |
| Insurance | 51,268 | 52,675 |
| Catering | 60,811 | 62,329 |
| Technology costs | 232,762 | 188,953 |
| Office overheads | 54,389 | 76,710 |
| Legal and professional | 80,009 | 71,014 |
| Bank interest and charges | 30 | 19 |
| Governance | 16,380 | 16,815 |
| Wages and salaries | 468,235 | 448,213 |
| National insurance | 35,069 | 26,308 |
| Pension cost | 125,582 | 116,255 |
| Depreciation | 39,352 | 39,321 |
| | <u>1,632,518</u> | <u>1,456,878</u> |

**SEVERN VALE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 | 2015 |
|--|----------------------|----------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 325,882 | 388,790 |
| Auditors' remuneration | 8,350 | 8,250 |
| Auditors' remuneration - non-audit | 2,425 | 2,960 |
| Operating lease rentals: | | |
| - Plant and machinery | 55,915 | 40,849 |
| | <u>55,915</u> | <u>40,849</u> |

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 3,903,023 | 3,870,007 |
| Social security costs | 327,877 | 288,334 |
| Operating costs of defined benefit pension schemes | 740,813 | 660,689 |
| | <u>4,971,713</u> | <u>4,819,030</u> |
| Supply teacher costs | 70,651 | 61,499 |
| Staff restructuring costs | - | 12,000 |
| | <u>5,042,364</u> | <u>4,892,529</u> |

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

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Teachers | 74 | 71 |
| Administration and Support | 64 | 67 |
| Management | 6 | 6 |
| | <u>144</u> | <u>144</u> |

Average headcount expressed as a full time equivalent:

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Teachers | 69 | 66 |
| Administration and Support | 48 | 52 |
| Management | 6 | 6 |
| | <u>123</u> | <u>124</u> |

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

| | 2016 No. | 2015 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 2 | 2 |
| In the band £70,001 - £80,000 | 1 | 1 |

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £414,839 (2015: £403,486).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 12 has not been included in the total benefits received by key management personnel above.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

R Johnson (Headteacher and Trustee):

Remuneration £70,000 - £75,000 (2015: £70,000 - £75,000)

Employer's pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

J Evans (Staff Trustee):

Remuneration £55,000 - £60,000 (2015: £55,000 - £60,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

A Connor (Staff Trustee):

Remuneration £50,000 - £55,000 (2015: £50,000 - £55,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

J McDonnell (Staff Trustee):

Remuneration £25,000 - £30,000 (2015: £Nil)

Employer's pension contributions £5,000 - £10,000 (2015: £Nil).

During the year, no Trustees received any reimbursement of expenses (2015: £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,133 (2015: £1,692).

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

14. TANGIBLE FIXED ASSETS

| | Long term leasehold land and buildings £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|--|-------------------------------|----------------------------|------------|
| COST | | | | |
| At 1 September 2015 | 13,982,789 | 37,345 | 367,256 | 14,387,390 |
| Additions | 81,954 | 95,568 | 9,271 | 186,793 |
| At 31 August 2016 | 14,064,743 | 132,913 | 376,527 | 14,574,183 |
| DEPRECIATION | | | | |
| At 1 September 2015 | 1,073,470 | 8,708 | 275,889 | 1,358,067 |
| Charge for the year | 257,962 | 13,294 | 54,626 | 325,882 |
| At 31 August 2016 | 1,331,432 | 22,002 | 330,515 | 1,683,949 |
| NET BOOK VALUE | | | | |
| At 31 August 2016 | 12,733,311 | 110,911 | 46,012 | 12,890,234 |
| At 31 August 2015 | 12,909,319 | 28,637 | 91,367 | 13,029,323 |

15. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 32,027 | 53,646 |
| Other debtors | 2,386 | 88 |
| Prepayments and accrued income | 175,773 | 192,725 |
| VAT recoverable | 59,853 | 48,907 |
| | <u>270,039</u> | <u>295,366</u> |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 176,207 | 173,221 |
| Other taxation and social security | 96,055 | 84,368 |
| Other creditors | 90,789 | 99,583 |
| Accruals and deferred income | 90,502 | 13,833 |
| | <u>453,553</u> | <u>371,005</u> |

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. FINANCIAL INSTRUMENTS

| | 2016 £ | 2015 £ |
|--|-------------------------|-------------------------|
| Financial assets that are debt instruments measured at amortised cost | | |
| Trade debtors | 32,027 | 53,646 |
| Accrued income | 50,439 | 73,860 |
| Cash at bank and in hand | 557,202 | 668,155 |
| | <u>639,668</u> | <u>795,661</u> |
| | <u><u>639,668</u></u> | <u><u>795,661</u></u> |
| | | |
| | 2016 £ | 2015 £ |
| Financial liabilities measured at amortised cost | | |
| Trade creditors | (176,207) | (173,221) |
| Accruals | (91,325) | (13,833) |
| | <u>(267,532)</u> | <u>(187,054)</u> |
| | <u><u>(267,532)</u></u> | <u><u>(187,054)</u></u> |

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

18. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|-------------------------|-------------|------------------|--------------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | 483,878 | 133,652 | (243,842) | - | - | 373,688 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 107,159 | 5,714,537 | (5,658,731) | (162,965) | - | - |
| High Needs | - | 141,346 | (141,346) | - | - | - |
| Rates relief | 1,479 | 38,021 | (39,500) | - | - | - |
| Pupil premium | - | 304,596 | (304,596) | - | - | - |
| Educational Visits | - | 6,668 | (6,668) | - | - | - |
| Pension reserve | (1,921,000) | - | (145,000) | - | (478,000) | (2,544,000) |
| | (1,812,362) | 6,205,168 | (6,295,841) | (162,965) | (478,000) | (2,544,000) |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Restricted Fixed Asset Funds | 12,923,704 | - | (268,397) | - | - | 12,655,307 |
| Fixed assets purchased from GAG | 89,711 | - | (47,265) | 162,965 | - | 205,411 |
| Fixed assets purchased from EFA capital grants | 15,908 | 23,828 | (10,220) | - | - | 29,516 |
| | 13,029,323 | 23,828 | (325,882) | 162,965 | - | 12,890,234 |
| Total restricted funds | 11,216,961 | 6,228,996 | (6,621,723) | - | (478,000) | 10,346,234 |
| Total of funds | 11,700,839 | 6,362,648 | (6,865,565) | - | (478,000) | 10,719,922 |

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

The General Annual Grant represents funding received from the Education Funding Agency (EFA) during the period in order to fund the continuing activities of the Academy. Transfers out of GAG represent fixed assets purchased using GAG.

High Needs funding is received from the Local Authority to cater for pupils with learning difficulties and other disabilities.

Rates relief represents funding received from the EFA for the reimbursement of business rates costs.

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

Educational visits represents contributions towards the costs of educational trips.

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

18. STATEMENT OF FUNDS (continued)

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

RESTRICTED FIXED ASSET FUNDS

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

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

Fixed assets purchased from EFA capital grants represents amounts spent on fixed assets from capital grants received from the EFA.

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016 (see Note 2).

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 12,890,234 | 12,890,234 | 13,029,323 |
| Current assets | 372,865 | 454,376 | - | 827,241 | 963,521 |
| Creditors due within one year | 823 | (454,376) | - | (453,553) | (371,005) |
| Pension reserve | - | (2,544,000) | - | (2,544,000) | (1,921,000) |
| | <u>373,688</u> | <u>(2,544,000)</u> | <u>12,890,234</u> | <u>10,719,922</u> | <u>11,700,839</u> |

SEVERN VALE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

| | 2016 £ | 2015 £ |
|---|---------------|------------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (502,917) | (386,347) |
| Adjustment for: | | |
| Depreciation of tangible fixed assets | 325,882 | 388,790 |
| Interest received | (863) | (826) |
| Decrease/(increase) in debtors | 25,327 | (11,604) |
| Increase/(decrease) in creditors | 82,548 | (319,523) |
| Capital grants from DfE and other capital income | (23,828) | (23,744) |
| Defined benefit pension scheme cost less contributions payable | 71,000 | 82,000 |
| Defined benefit pension scheme finance cost | 74,000 | 69,000 |
| Net cash provided by/(used in) operating activities | 51,149 | (202,254) |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|----------------|----------------|
| Cash in hand | 557,202 | 668,155 |
| | 557,202 | 668,155 |

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £83,018 were payable to the schemes at 31 August 2016 (2015: £77,136) 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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 will be as at March 2016, 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 £450,300 (2015: £383,173).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2016 was £287,000 (2015: £253,000), of which employer's contributions totalled £224,000 (2015: £196,000) and employees' contributions totalled £63,000 (2015: £57,000). The agreed contribution rates for future years are 21.4% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | 2016 | 2015 |
|--|---------------|-------------|
| Discount rate for scheme liabilities | 2.10 % | 3.80 % |
| Rate of increase in salaries | 2.40 % | 4.10 % |
| Rate of increase for pensions in payment / inflation | 2.10 % | 2.70 % |

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22. PENSION COMMITMENTS (continued)

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

| | 2016 | 2015 |
|----------------------|------------|------------|
| Retiring today | | |
| Males | 22.5 years | 22.5 years |
| Females | 24.6 years | 24.6 years |
| Retiring in 20 years | | |
| Males | 24.4 years | 24.4 years |
| Females | 27.0 years | 27.0 years |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Equities | 1,164,000 | 837,000 |
| Debt instruments | 359,000 | 267,000 |
| Property | 120,000 | 97,000 |
| Cash | 68,000 | 12,000 |
| Total market value of assets | <u>1,711,000</u> | <u>1,213,000</u> |

The actual return on scheme assets was £311,000 (2015: £39,000).

The amounts recognised in the Statement of Financial Activities:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (295,000) | (278,000) |
| Net interest cost | (74,000) | (69,000) |
| Total | <u>(369,000)</u> | <u>(347,000)</u> |

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

| | 2016 £ | 2015 £ |
|--------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 3,134,000 | 2,764,000 |
| Current service cost | 295,000 | 278,000 |
| Interest cost | 125,000 | 108,000 |
| Actuarial losses/(gains) | 670,000 | (48,000) |
| Benefits paid | (32,000) | (25,000) |
| Contributions by scheme participants | 63,000 | 57,000 |
| Closing defined benefit obligation | <u>4,255,000</u> | <u>3,134,000</u> |

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22. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 1,213,000 | 946,000 |
| Interest income | 51,000 | 39,000 |
| Actuarial gains and (losses) | 192,000 | - |
| Contributions by employer | 224,000 | 196,000 |
| Benefits paid | (32,000) | (25,000) |
| Contribution by employees | 63,000 | 57,000 |
| | <u>1,711,000</u> | <u>1,213,000</u> |
| Closing fair value of scheme assets | | |

23. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2016 £ | 2015 £ |
|-------------------------|---------------|----------------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 49,291 | 55,916 |
| Between 1 and 5 years | 1,258 | 50,549 |
| | <u>50,549</u> | <u>106,465</u> |
| Total | | |

24. RELATED PARTY TRANSACTIONS

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

Carl Beech, a Trustee, is also the Chair of Governors of Beech Green Primary School, which is part of the Quedgeley Learning Community along with Severn Vale School. During the year ended 31 August 2016, Severn Vale School have invoiced Beech Green Primary School for the use of staff members.

25. MEMBERS' LIABILITY

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

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26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

| RECONCILIATION OF TOTAL FUNDS | Notes | 1 September 2014 | 31 August 2015 |
|--------------------------------------|--------------|-------------------------|-----------------------|
| | | £ | £ |
| Total funds under previous UK GAAP | | 12,039,186 | 11,700,839 |
| Total funds reported under FRS 102 | | <u>12,039,186</u> | <u>11,700,839</u> |

| Reconciliation of net (expenditure) | Notes | 31 August 2015 |
|---|--------------|-----------------------|
| | | £ |
| Net (expenditure) previously reported under UK GAAP | | (367,347) |
| Pension interest cost | | <u>(19,000)</u> |
| Net movement in funds reported under FRS 102 | | <u>(386,347)</u> |

Explanation of changes to previously reported funds and net income/expenditure:

Under previous UK GAAP the Academy recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the expenditure by £19,000 and decrease the other recognised gains and losses in the SoFA by an equivalent amount.