

Company Registration No. 08833418 (England and Wales)

**HOE VALLEY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

HOE VALLEY SCHOOL

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HOE VALLEY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Jo Bostock
Claerwyn Hamilton-Wilkes
Ken Henderson
Alex Holmes
Simon Long
Claire McDonnell
Lynne O'Reilly

Governors

Penny Alford (Head Teacher) (Resigned 13 September 2018)
Jo Bostock (Resigned 15 January 2018)
Neil Christie (Vice Chair of Governors, Education))
Guy Graham
Claerwyn Hamilton-Wilkes
Barry Hartop (Resigned 9 January 2018)
Ken Henderson (Vice Chair of Governors, Resources)
Alex Holmes (Resigned 8 November 2018)
Claire McDonnell
Kalpana Patil (Resigned 9 November 2018)
Lynne O'Reilly (Chair of Governors)
Karen Foan (Appointed 10 July 2018)
Victoria Mercer (Appointed 22 March 2018)
Tina Clapham (Appointed 13 November 2018)

Senior management team

Ms P Alford	- Head Teacher (on maternity leave)
Ms J Davies	- Acting Head Teacher
Mr P Manly	- School Business Manager
Ms Sandra Borra	- Deputy Head Teacher
Mr Kevin Kelly	- Deputy Head Teacher
Mrs Suzanne Vermiglio	- Director of Teaching & Learning

Company registration number

08833418 (England and Wales)

Principal and registered office

Egley Road
Woking
Surrey
GU22 0NH

Independent auditor

Wilkins Kennedy Audit Services
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

HOE VALLEY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank PLC
32 Commercial Way
Woking
Surrey
GU21 6ER

HOE VALLEY SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and independent auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 8833418) and an exempt charity. The Academy Trust's memorandum and articles of association are the primary governing documents of the Academy Trust. The Governors act as the directors of the limited company known as Hoe Valley School and are also the Trustees for the charitable company. The charitable company is also known as Hoe Valley School and was incorporated on 6 January 2014. Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details section of this report.

Members' liability

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

Governors' indemnities

The Academy Trust has appropriate arrangements in place to protect Governors from claims arising from negligent acts, errors or omissions occurring whilst undertaking Academy Trust business. Governor's Liability is covered under the Risk Protection Arrangement (RPA) scheme provided by the DfE to Academies. The limit for claims is £10,000,000 annually.

Method of recruitment and appointment or election of Governors

The number of Governors shall be not less than 3, but shall not be subject to a maximum. The Academy Trust shall have the following Governors:

- Up to 10 Governors appointed by the Members
- Any number of co-opted Governors. A co-opted Governor is a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed.
- 2 parent Governors

The total number of Governors (including the Head Teacher) who are employees of the Academy Trust shall not exceed one third of the total number of Governors.

Each of the persons entitled to appoint Members above shall have the right, from time to time by written notice delivered to the office, to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Governor shall be 4 years. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

During the period under review, the Governing Body held 5 meetings.

Policies and procedures adopted for the induction and training of Governors

All relevant Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

The Governors have received appropriate training to ensure that they fully understand their responsibilities and to provide them with the skills to effectively undertake their role in Hoe Valley School. An ongoing programme of Governor training has been established.

HOE VALLEY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

At Hoe Valley School, the Members have delegated the ongoing governance of the school to the Governing Body.

The Governors are responsible for setting the school's strategy, ensuring the school's policies are appropriate, adopting an annual plan and budget, monitoring the school, allocating budgets and making major decisions about the direction of the school, capital expenditure and participation in senior staff appointments.

The Acting Head Teacher, Ms J. Davies is the Accounting Officer for the School.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration for the Academy Trust's Senior Leadership Team is reviewed and approved by the Trust's Pay Review Committee in line with the School's Pay Policy.

All members of the leadership receive an annual appraisal and a written appraisal report including an assessment of their performance. The appraisal report includes an overall performance rating for the purposes of determining pay progression. The performance ratings for pay decisions taken during the period were:

- Exceptional Performance
- Effective Performance
- Developing Performance
- Unsatisfactory Performance

Pay awards take into account the above performance ratings, full details of which are in the school's Pay Policy. The Board of Governors reviews the operation of this scheme on an annual basis.

Hoe Valley School did not make any remuneration payments to any Governors, with the exception of the Head Teacher, during the accounting period.

Trade union facility time

Not applicable as the school had fewer than 49 full time equivalent employees throughout any 7 months within the reporting period.

Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of Hoe Valley School. There are no sponsors, nor is there a school voluntary fund.

Objectives and activities

Objects and aims

The principal object of the Hoe Valley School is specifically restricted to the following, to advance the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. Full details of the object of Hoe Valley School are set out in the school's governing document.

HOE VALLEY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

Hoe Valley School aims to be an outstanding secondary school at the heart of the community.

The key aims for the students at the school are:

- To achieve high standards of academic outcomes and for each student to achieve to their full potential
- To develop the required attitudes and skills to be successful in the modern workplace
- To develop good citizens

Our Curriculum:

- follows the National Curriculum
- has a strong emphasis on English and Maths
- encourages strong parental engagement
- involves an extended day to enable students to complete prep work in a supervised environment and ensure the curriculum has breadth and depth
- features personalised progression pathways
- has strong transition programmes, from Primary School and eventually on to Higher Education
- develops student employability skills through project based and collaborative learning approaches.

The school's objectives, strategies and activities are set out in the Strategic Action Plan Targets document.

Specific objectives for 2017-18 included:

- Retain and recruit excellent staff
- Ensure the school's new permanent site was delivered on time for September 2018
- Develop the ACCESS curriculum via drop-down days and cross-curricular projects
- Establish the effective use of Google Apps for Education to enhance teaching and learning
- Ensure a minimum of 85% of lessons were good or outstanding
- Ensure at least 85% of students made expected progress or better in English, Maths and Science
- Design personalised, data driven GCSE pathways which set up all students to succeed and thrive

Contextual Information

Hoe Valley School is mainstream, co-educational secondary school. The school's Published Admissions Number (PAN) is 120 students, however the school selected to admitted above its PAN for 2018/19, offering 150 places. The school currently has students in Years 7 to 10 and will grow to an expected cohort of at least 870 students in Years 7 to 13 by 2021. As of 31st August 2018, the school had 354 students on roll (Year 7 - 118, Year 8 - 120, Year 9 - 116).

HOE VALLEY SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

School Cohort

The profile at August 2018 was:

	No. of students	%
Cohort	354	
Boys	170	48%
Girls	184	52%
Special Educational Needs and Disabilities (SEND)	59	17%
Free School Meals (FSM)	40	11%
Disadvantaged	88	25%
Looked-after children (LAC)	1	0.3%
English as an Additional Language (EAL)	84	24%

Equal opportunities

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The Academy Trust complies fully with the Equality Act 2010 regulations but is restricted in its ability to meet the needs of certain physical disabilities whilst in temporary accommodation. The Governors have adopted an equality policy which will be regularly reviewed.

Public benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Members consider how planned activities will contribute to the aims and objectives they have set.

The school intends to accept pupils from South Woking and the surrounding areas. When the school is oversubscribed, after the admission of pupils with an Education, Health and Care Plan (EHCP) naming the school, the following criteria are applied in the order set out below:

1. Looked after and previously looked after children
2. Children of individuals granted founder status
3. Sibling(s) at the school at the time of the child's admission
4. Children of staff at the school
5. Children for whom the school is the nearest to their home address
6. Any other applicant

Under criterion 6, if the school is oversubscribed, then places are be offered on the basis of nearness to the school measured in a straight line from the address point of the student's house to the School reception, as determined by the Surrey County Council Admission & Transport Team's Geographical Information System Survey.

The School's admissions criteria were amended for student admissions in September 2018 and remain unchanged for 2019 admissions. Further details can be found in the School's Admissions Policy.

HOE VALLEY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

During the reporting period, key achievements included:

- achieving a rating of 'Outstanding' from Ofsted
- design and delivery of a personalised suite of GCSE pathways for Year 9
- recruitment of all the required staff for the School's fourth year of operation
- successful transition from the school's temporary site to the new permanent site, which opened on time for the new school year in September 2018.

Hoe Valley School had a very successful third academic year. Following the Ofsted inspection in June 2018, the school was awarded an 'Outstanding' rating with the report highlighting positive aspects including effectiveness of leadership and management, quality of teaching, learning and assessment and outcomes for pupils. The School is oversubscribed for the next academic year following a range of successful open events and is fully staffed.

Key performance indicators

The Governing Body's Key Performance Indicators (KPIs) for the period were as follows:

- To secure 150 students onto the roll for the fourth year of operation for the school (150 achieved)
- To have pupil attendance of at least 96% (95.2% achieved)
- To ensure that 85% of all lessons were good or outstanding (90% achieved)
- To recruit the necessary staff for the 2018-19 academic year (achieved)
- To operate the school within the approved budget for 2017-18 (achieved)
- To ensure at least 85% of students achieve expected progress or better in English and Maths (achieved, English: 89%, Maths: 75%)

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Governing Body continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2018, total expenditure of £2,301,000 (2017: £1,576,000) was met by funding from the ESFA. The excess of operational income over expenditure for the period was £162,000 (2017: £226,000).

At 31 August 2018, the Academy Trust held fund balances totalling £17,686,000 (2017: £548,000). Of this amount, £17,164,000 represented the tangible fixed assets owned by the Academy Trust and capital grants received but not yet spent (2017: £141,000), £564,000 represented surplus carried forward from previous periods (2017: £410,000) and a deficit of £42,000 (2017: £3,000) represented the Academy Trust's Local Government Pension Scheme liability.

HOE VALLEY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The Academy Trust held fund balances at 31 August 2018 of 17,686,000 (2017: £548,000) comprising £547,000 (2017: £407,000) of restricted funds and £17,164,000 (2017: £141,000) of tangible fixed assets.

The Academy Trust plans to spend as much of its funds as possible on supporting the education of the students of Hoe Valley School and does not plan to hold significant reserves. It is expected that during typical operation, up to 5% of annual revenue income will be held as a reserve and carried forward to future years. In the early years of the establishment of the school, the reserve level may be higher to mitigate unforeseen costs associated with the building of the school's permanent site.

For the year ended 31 August 2018, the target reserve levels were therefore up to £112,700. At the year end, the Academy Trust held no free reserves. However, its general restricted reserve, which includes all central and local government funding provided to the Academy Trust had a balance of £564,000 (2017: £410,000), which comfortably exceeded the target set. The Governors expect to utilise these funds in future years, as part of the move to the School's permanent site.

The Academy Trust's restricted pension reserve was £42,000 (2017: £3,000) in deficit as at 31 August 2018. This deficit is not an immediate liability of the Academy Trust. Instead, the deficit will be met through increased pension contributions on behalf of staff in the future.

Investment policy

Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The current investment policy is to hold operating cash and any surplus funds in an appropriate banking account. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

The Governors have assessed the major risks to which the Academy Trust is exposed. The Governors have implemented a number of systems to assess such risks and have introduced systems, including operational procedures and internal financial controls in order to minimise risk. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. The Academy Trust also has Risk Management Policy that sets out its approach to managing risk.

The Governors regularly examine the financial health of the Academy Trust, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Committee meetings. The School Business Manager also regularly monitors cash flow and ensures sufficient funds are held to cover all known and anticipated commitments.

The financial risks to which Hoe Valley School is exposed to relate primarily to:

- Government funding – the Academy Trust has reliance on continued government funding and whilst this level is expected to continue, there is 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. Proposed changes to the National Funding Formula for schools could impact the School.
- Fraud or mismanagement of funds – the Academy Trust has appointed a Responsible Officer to carry out checks on financial records as required by the Academy Financial Handbook.

HOE VALLEY SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The principal risks to which the Academy Trust is exposed include:

- Governance or management failures - the risk in this area arises the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with relevant regulations and legislation. The Governing Body continuously reviews this risk to ensure that appropriate measures are in place to mitigate it.
- Safeguarding and child protection – the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of safeguarding policies procedures, health and safety and discipline.
- Staffing – the success of the school is reliant on the quality of its staff and the Governing Board monitors and reviews the continued development and training of staff.

Fundraising

Hoe Valley School does not currently undertake significant fundraising activities and does not make use of any commercial or professional fundraising services. The school intends that all fundraising activities are carried out in line with recognised fundraising standards.

From time to time, the school's Parent Teacher Association (PTA) raises funds that are then donated to the school. The Governing Body has delegated responsibility for monitoring any fundraising activities undertaken by the PTA to the Head Teacher who provides updates to the Governors as and when necessary. Fundraising complaints are handled by the Head Teacher in the first instance who would then involve the Governing Body if needed.

Plans for future periods

The Academy Trust's plans for the forthcoming period are to:

- recruit the necessary staff for the 2019-20 academic year
- ensure that at least 85% of students achieve or exceed their GCSE target grade in Years 7-9 in all subjects and that at least 65% of students achieve or exceed their GCSE target grade in Year 10 as students will be assessed against the exam board grade descriptors.
- deliver a minimum of 90% of lessons that are good or outstanding
- ensure the long term strategic vision for the School is on track to be delivered effectively and in a financially stable manner

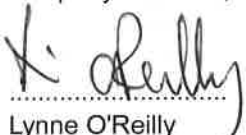
Auditor

In so far as the Governors are aware:

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

A resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the charitable company will be put to the Members.

The Governors' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 13/12/18 and signed on its behalf by:


Lynne O'Reilly
Chair of Governors

HOE VALLEY SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Hoe Valley 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 Governing Body has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hoe Valley School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 5 times during the year.

Attendance during the year at meetings of the Governing Body was as follows:

Governors	Meetings attended	Out of possible
Penny Alford (Head Teacher) (Resigned 13 September 2018)	5	5
Jo Bostock (Resigned 15 January 2018)	2	2
Neil Christie (Vice Chair of Governors, Education))	4	5
Guy Graham	5	5
Claerwyn Hamilton-Wilkes	5	5
Barry Hartop (Resigned 9 January 2018)	2	2
Ken Henderson (Vice Chair of Governors, Resources)	5	5
Alex Holmes (Resigned 8 November 2018)	3	5
Claire McDonnell	5	5
Kalpana Patil (Resigned 9 November 2018)	5	5
Lynne O'Reilly (Chair of Governors)	5	5
Karen Foan (Appointed 10 July 2018)	1	1
Victoria Mercer (Appointed 22 March 2018)	3	3
Tina Clapham (Appointed 13 November 2018)	0	0

The key challenge faced by the Governing Body during the year was overseeing the successful transition to the School's permanent site.

No governance review was undertaken during the year, as the School had adopted a new Committee structure at the end of the 2016-17 financial year. The next review is planned for 2018-19.

Review of value for money

As Accounting Officer the Head Teacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the Academy Trust's use of its resources have provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where available.

HOE VALLEY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Examples of how the Accounting Officer for the Academy Trust has delivered improved value for money include:

- Building strategic relationships with local community groups to allow free or discounted use of their facilities, therefore minimising rental costs for a number of school events
- Strengthening the school's Finance Policy to ensure robust challenge of key spending decisions
- Raising additional funds by letting the school's premises to local community groups

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 Hoe Valley School for the reporting period and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the reporting period and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- 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 Governing Body has appointed Mr. G. Graham as the Responsible Officer for the Academy Trust.

The Responsible Officer performs a range of checks on the Academy Trust's financial systems and the Responsible Officer reports regularly at meetings of the Governors' Committee. In the year under review, the Responsible Officer reported to the Resources Committee.

HOE VALLEY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust 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 Governing Body on 13/12/18 and signed on its behalf by:



Jane Davies
Head Teacher



Lynne O'Reilly
Chair of Governors

HOE VALLEY SCHOOL

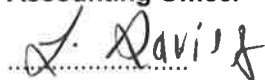
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of Hoe Valley School I have considered my responsibility to notify the Academy Trust Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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 Governing Body and ESFA.

Jane Davies
Accounting Officer

A handwritten signature in black ink, appearing to read 'J. Davies', is written over a dotted line.

HOE VALLEY SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as trustees for Hoe Valley School and are also the directors of Hoe Valley School for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

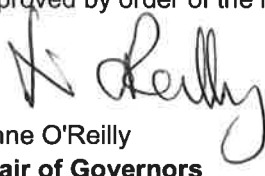
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The Governors 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 Governors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The Governors 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 Governing Body on 13/12/18 and signed on its behalf by:


Lynne O'Reilly
Chair of Governors

HOE VALLEY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOE VALLEY SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Hoe Valley School for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

HOE VALLEY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOE VALLEY SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report, including the incorporated strategic report.

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

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

Responsibilities of Governors

As explained more fully in the statement of Governors' responsibilities, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HOE VALLEY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOE VALLEY SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

Wilkins Kennedy Audit Services

Kevin Walmsley (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

17-12-2018
.....

Statutory Auditor

Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

HOE VALLEY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOE VALLEY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 19 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hoe Valley School during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Hoe Valley School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hoe Valley School's funding agreement with the Secretary of State for Education dated 2 May 2015 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

HOE VALLEY SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOE VALLEY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy Audit Services

Reporting Accountant

Wilkins Kennedy Audit Services
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

Dated: *17.12.2018*

HOE VALLEY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2018 £'000	Total 2017 £'000
	Notes					
Income and endowments from:						
Donations and capital grants	3	-	5	17,071	17,076	75
Charitable activities:						
- Funding for educational operations	4	1	2,249	-	2,250	1,629
Other trading activities	5	68	-	-	68	75
Investments	6	1	-	-	1	-
Total		70	2,254	17,071	19,395	1,779
Expenditure on:						
Charitable activities:						
- Educational operations	8	70	2,092	139	2,301	1,576
Total	7	70	2,092	139	2,301	1,576
Net income		-	162	16,932	17,094	203
Transfers between funds	17	-	(91)	91	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	44	-	44	46
Net movement in funds		-	115	17,023	17,138	249
Reconciliation of funds						
Total funds brought forward		-	407	141	548	299
Total funds carried forward		-	522	17,164	17,686	548

HOE VALLEY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2017		Funds	General	Fixed asset	2017
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	-	-	75	75
Charitable activities:					
- Funding for educational operations	4	1	1,628	-	1,629
Other trading activities	5	75	-	-	75
Total		<u>76</u>	<u>1,628</u>	<u>75</u>	<u>1,779</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	76	1,402	98	1,576
Total	7	<u>76</u>	<u>1,402</u>	<u>98</u>	<u>1,576</u>
Net income/(expenditure)		-	226	(23)	203
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	46	-	46
Net movement in funds		-	272	(23)	249
Reconciliation of funds					
Total funds brought forward		-	135	164	299
Total funds carried forward		-	407	141	548

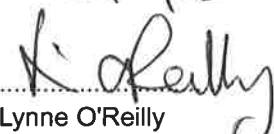
HOE VALLEY SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	17,150	136
Current assets			
Debtors	13	360	82
Cash at bank and in hand		618	479
		978	561
Current liabilities			
Creditors: amounts falling due within one year	14	(400)	(146)
Net current assets		578	415
Net assets excluding pension liability		17,728	551
Defined benefit pension scheme liability	19	(42)	(3)
Net assets		17,686	548
Funds of the Academy Trust:			
Restricted funds	17		
- Fixed asset funds		17,164	141
- Restricted income funds		564	410
- Pension reserve		(42)	(3)
Total restricted funds		17,686	548
Unrestricted income funds	17	-	-
Total funds		17,686	548

The financial statements on pages 20 to 41 were approved by the Governors and authorised for issue on 13/12/18 and are signed on their behalf by:


Lynne O'Reilly
Chair of Governors

Company Number 08833418

HOE VALLEY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	20		196		284
Cash flows from investing activities					
Dividends, interest and rents from investments		1		-	
Capital grants from DfE Group		781		75	
Purchase of tangible fixed assets		(839)		(70)	
Net cash (used in)/provided by investing activities			(57)		5
Net increase in cash and cash equivalents in the reporting period			139		289
Cash and cash equivalents at beginning of the year			479		190
Cash and cash equivalents at end of the year			618		479

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Hoe Valley School is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' report.

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

1.1 Basis of preparation

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

Hoe Valley School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

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

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	10 - 50 years
Computer equipment	3 years
Fixtures, fittings & equipment	4 years

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

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.6 Liabilities

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

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 benefits

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

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

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The current valuation of the school buildings is based on a estimate of the construction costs provided by the ESFA at the inception of the project. The ESFA will provide an updated valuation of the entire site, including land, in January 2019. This may result in an adjustment to the carrying value of the asset in the financial statements for the year ended 31 August 2019.

Critical areas of judgement

No judgements have been made in arriving at the results disclosed in the financial statements.

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Donated fixed assets	-	16,290	16,290	-
Capital grants	-	781	781	75
Other donations	-	5	5	-
	-	17,076	17,076	75

The donated fixed asset is the new permanent school building.

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	1,961	1,961	1,398
Other DfE group grants	-	220	220	182
	-	2,181	2,181	1,580
Other government grants				
Local authority grants	-	68	68	48
Other funding				
Other incoming resources	1	-	1	1
Total funding	1	2,249	2,250	1,629

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Catering income	44	-	44	50
Parental contributions	24	-	24	25
	68	-	68	75

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	-

7 Expenditure

	Staff costs £'000	Non Payroll Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	1,278	115	252	1,645	1,012
- Allocated support costs	342	239	75	656	564
	1,620	354	327	2,301	1,576

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	7	6
- Other services	3	3
Operating lease rentals	127	124
Depreciation of tangible fixed assets	138	98
Loss on disposal of fixed assets	1	-
Net interest on defined benefit pension liability	2	-

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	70	1,575	1,645	1,012
Support costs				
Educational operations	-	656	656	564
	70	2,231	2,301	1,576

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

(Continued)

	2018 £'000	2017 £'000
Analysis of support costs		
Support staff costs	342	305
Depreciation	24	17
Technology costs	24	20
Premises costs	215	163
Other support costs	33	38
Governance costs	18	21
	<u>656</u>	<u>564</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	1,191	783
Social security costs	115	76
Pension costs	264	158
Staff costs	<u>1,570</u>	<u>1,017</u>
Agency staff costs	17	4
Staff development and other staff costs	33	22
Total staff expenditure	<u>1,620</u>	<u>1,043</u>

Staff numbers

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

	2018 Number	2017 Number
Teachers	21	14
Administration and support	6	4
Management	4	3
Teaching and student support	9	6
	<u>40</u>	<u>27</u>

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1

Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £283,134 (2017: £223,517).

10 Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher only receives remuneration in respect of services she provides undertaking the role of Head Teacher under her contract of employment, and not in respect of her services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors.

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

P Alford (Head Teacher)

- Remuneration £60,000 to £65,000 (2017: £75,000 to £80,000)
- Employer's pension contributions £10,000 to £15,000 (2017: £10,000 to £15,000)

Expenses totalling £175 was paid to one Governor during the year for recording studio equipment (2017: £359 to two Governors).

11 Governors and officers insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme for the year ended 31 August 2018.

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2017	-	259	50	309
Additions	16,034	315	804	17,153
Disposals	-	-	(4)	(4)
At 31 August 2018	16,034	574	850	17,458
Depreciation				
At 1 September 2017	-	150	23	173
On disposals	-	-	(3)	(3)
Charge for the year	-	114	24	138
At 31 August 2018	-	264	44	308
Net book value				
At 31 August 2018	16,034	310	806	17,150
At 31 August 2017	-	109	27	136

During the year, the Academy Trust was granted a licence to occupy a newly constructed permanent site. It is anticipated that a 125 year lease will be granted on the site and so the asset has been recognised in the financial statements. Included in the Land and Buildings additions is an amount of £15.990 million which represents the Academy Trust's best estimate of the value of the school buildings as at 31 August 2018, but does not include any value for land.

The ESFA have confirmed that they will provide a valuation of the site (including land) in January 2019. This may result in an adjustment to the carrying value of the asset in the financial statements for the year ended 31 August 2019.

As the buildings were not brought into use until September 2018, no depreciation has been provided on the buildings in these financial statements.

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	1	-
VAT recoverable	190	15
Prepayments and accrued income	169	67
	360	82

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Trade creditors	141	59
Other taxation and social security	35	21
ESFA creditors	120	4
Other creditors	29	17
Accruals and deferred income	75	45
	<u>400</u>	<u>146</u>
15 Financial instruments	2018 £'000	2017 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>1</u>	<u>-</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>289</u>	<u>110</u>
16 Deferred income	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	<u>6</u>	<u>11</u>
Deferred income at 1 September 2017	11	5
Released from previous years	(11)	(5)
Resources deferred in the year	<u>6</u>	<u>11</u>
Deferred income at 31 August 2018	<u>6</u>	<u>11</u>

As at 31 August 2018, the Academy Trust held £6,000 (2017: £11,000) of funds received in advance from parents and from the ESFA relating to the 2018-19 academic year.

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	274	1,961	(1,580)	(91)	564
Other DfE / ESFA grants	136	220	(356)	-	-
Other government grants	-	68	(68)	-	-
Other restricted funds	-	5	(5)	-	-
Pension reserve	(3)	-	(83)	44	(42)
	<u>407</u>	<u>2,254</u>	<u>(2,092)</u>	<u>(47)</u>	<u>522</u>
Restricted fixed asset funds					
DfE group capital grants	141	781	(139)	-	783
Capital expenditure from GAG	-	-	-	91	91
Donated assets - School building	-	16,290	-	-	16,290
	<u>141</u>	<u>17,071</u>	<u>(139)</u>	<u>91</u>	<u>17,164</u>
Total restricted funds	<u>548</u>	<u>19,325</u>	<u>(2,231)</u>	<u>44</u>	<u>17,686</u>
Unrestricted funds					
General funds	-	70	(70)	-	-
Total funds	<u>548</u>	<u>19,395</u>	<u>(2,301)</u>	<u>44</u>	<u>17,686</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/EFA grants: Comprise grants such as Pupil Premium, Year 7 catch up and premises related funding.

Other government grants - comprises SEN and Pupil Premium funding from Surrey County Council.

Restricted fixed assets fund - comprise capital funding received for the purchase of fixed assets, against which depreciation is charged annually.

Transfers

During the year, £91,000 of GAG reserves were used to purchase tangible fixed assets.

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	19	1,398	(1,143)	-	274
Other DfE / ESFA grants	136	182	(182)	-	136
Other government grants	-	48	(48)	-	-
Pension reserve	(20)	-	(29)	46	(3)
	<u>135</u>	<u>1,628</u>	<u>(1,402)</u>	<u>46</u>	<u>407</u>
Restricted fixed asset funds					
DfE group capital grants	164	75	(98)	-	141
	<u>164</u>	<u>75</u>	<u>(98)</u>	<u>-</u>	<u>141</u>
Total restricted funds	<u>299</u>	<u>1,703</u>	<u>(1,500)</u>	<u>46</u>	<u>548</u>
Unrestricted funds					
General funds	-	76	(76)	-	-
	<u>-</u>	<u>76</u>	<u>(76)</u>	<u>-</u>	<u>-</u>
Total funds	<u>299</u>	<u>1,779</u>	<u>(1,576)</u>	<u>46</u>	<u>548</u>

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	19	3,359	(2,723)	(91)	564
Other DfE / ESFA grants	136	402	(538)	-	-
Other government grants	-	116	(116)	-	-
Other restricted funds	-	5	(5)	-	-
Pension reserve	(20)	-	(112)	90	(42)
	<u>135</u>	<u>3,882</u>	<u>(3,494)</u>	<u>(1)</u>	<u>522</u>
Restricted fixed asset funds					
DfE group capital grants	164	856	(237)	-	783
Capital expenditure from GAG	-	-	-	91	91
Donated assets - School building	-	16,290	-	-	16,290
	<u>164</u>	<u>17,146</u>	<u>(237)</u>	<u>91</u>	<u>17,164</u>
Total restricted funds	<u>299</u>	<u>21,028</u>	<u>(3,731)</u>	<u>90</u>	<u>17,686</u>
Unrestricted funds					
General funds	-	146	(146)	-	-
Total funds	<u>299</u>	<u>21,174</u>	<u>(3,877)</u>	<u>90</u>	<u>17,686</u>

18 Analysis of net assets between funds

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	17,150	17,150
Current assets	400	564	14	978
Creditors falling due within one year	(400)	-	-	(400)
Defined benefit pension liability	-	(42)	-	(42)
Total net assets	<u>-</u>	<u>522</u>	<u>17,164</u>	<u>17,686</u>

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	136	136
Current assets	146	410	5	561
Creditors falling due within one year	(146)	-	-	(146)
Defined benefit pension liability	-	(3)	-	(3)
Total net assets	-	407	141	548

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £27,704 (2017: £11,418) were payable to the schemes at 31 August 2018 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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 (previously 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The pension costs paid to the TPS in the period amounted to £104,000 (2017: £86,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.0% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the coming year is £47,000.

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.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	47	42
Employees' contributions	20	11
Total contributions	67	53
Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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

	2018 Years	2017 Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.4	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £'000	2017 £'000
Discount rate + 0.5%	51	25
Salary rate + 0.5%	-	-
Pension rate + 0.5%	51	25

Defined benefit pension scheme net liability

Scheme assets	180	106
Scheme obligations	(222)	(109)
Net liability	(42)	(3)

The Academy Trust's share of the assets in the scheme

	2018 Fair value £'000	2017 Fair value £'000
Equities	130	78
Bonds	31	16
Cash	6	4
Property	13	8
Total market value of assets	180	106

The actual return on scheme assets was £7,000 (2017: £5,000).

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	128	71
Interest income	(3)	(2)
Interest cost	5	2
Total operating charge	130	71
Changes in the present value of defined benefit obligations	2018 £'000	2017 £'000
At 1 September 2017	109	68
Current service cost	128	71
Interest cost	5	2
Employee contributions	20	11
Actuarial gain	(40)	(43)
At 31 August 2018	222	109
Changes in the fair value of the Academy Trust's share of scheme assets	2018 £'000	2017 £'000
At 1 September 2017	106	48
Interest income	3	2
Actuarial gain	4	3
Employer contributions	47	42
Employee contributions	20	11
At 31 August 2018	180	106

HOE VALLEY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	17,094	203
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(17,071)	(75)
Investment income receivable	(1)	-
Defined benefit pension costs less contributions payable	81	29
Defined benefit pension net finance cost	2	-
Depreciation of tangible fixed assets	138	98
Loss on disposal of fixed assets	1	-
(Increase)/decrease in debtors	(278)	808
Increase/(decrease) in creditors	230	(779)
Net cash provided by operating activities	196	284

21 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	13	-

22 Related party transactions

No related party transactions took place in the period of account other than certain Governors' remuneration and expenses already disclosed in note 10.

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

