

**Company Registration No. 08833418 (England and Wales)**

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

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

# HOE VALLEY SCHOOL

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# HOE VALLEY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors

Penny Alford (Head Teacher)  
Nick Arkell  
Jo Bostock  
Guy Graham  
Claerwyn Hamilton-Wilkes  
Barry Hartop (Appointed 17 March 2016)  
Ken Henderson (Chair of Resources Committee)  
Alex Holmes  
Claire McDonnell  
Lynne O'Reilly (Chair of Governors)

### Members

J Bostock  
C Hamilton-Wilkes  
K Henderson  
A Holmes  
S Long  
C McDonnell  
L O'Reilly

### Senior leadership team

Ms P Alford	- Head Teacher
Ms J Davies	- Deputy Head Teacher
Mr P Manly	- School Business Manager

### Company registration number

08833418 (England and Wales)

### Registered office

Woking Park  
Kingfield Road  
Woking  
Surrey  
GU22 9AA

### Independent auditor

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

### Bankers

Lloyds Bank PLC  
32 Commercial Way  
Woking  
Surrey  
GU21 6ER

# HOE VALLEY SCHOOL

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2016

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The Governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the year 1 September 2015 to 31 August 2016. 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 charitable company'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 2016**

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### 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 Head Teacher, Ms P. Alford is the Accounting Officer for the School.

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

The pay and remuneration for the academy'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.

### 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 2016

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#### Objectives, strategies and activities

Hoe Valley School aims to be an outstanding secondary school at the heart of the community. It has been founded by local parents who have a clear vision for how the local school provision can be enhanced.

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:

- is based on the National Curriculum
- has a strong emphasis on English and maths
- encourages strong parental engagement
- has dynamic curriculum organisation and cross-curricular projects
- involves an extended day designed to promote the students learning, interest and enjoyment
- features personalised progression pathways with mentoring and feedback
- 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 2015-16 included:

- Achieve planning permission for the permanent site
- Establish the effective use of Google Apps for Education to enhance teaching and learning
- Plan Innovation Days
- Capture student voice on teaching and learning each half term
- Deliver a curriculum with a strong focus on literacy and numeracy
- Develop teachers' CPD in line with new specifications for GCSEs
- Deliver half termly assessments which reflect the progress of students' learning
- Design and run end of Year 7 exams for Summer term
- Ensure a minimum of 85% of lessons are a minimum of good and often outstanding
- Ensure at least 85% of students make expected progress or better in English, Maths and Science
- Develop and implement a communication and training programme for parents to enable them to make full use of the Arbor portal to get information about their children's performance in school.

#### Contextual Information

Hoe Valley School is four-form entry, Year 7 to Year 13, mainstream, co-educational secondary school. The school will grow each year from an initial intake of Year 7 students through to an expected maximum capacity of 840 students in 2021.

# HOE VALLEY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### School Cohort

Our second cohort of 120 Year 7 students started at Hoe Valley School in September 2016.

The cohort of students at the school for the period of these accounts started at 95 students and grew to 99. At the end of the period the analysis of the cohort was:

Sub Group	No. of students	%
Cohort	99	100
Boys	46	46
Girls	53	54
SEND	23	23
FSM	18	18
Disadvantaged	37	37
LAC	2	2
EAL	19	19

#### 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. Where applications for admissions exceed the number of places available locally, the following criteria will be applied in the order set out below:

1. Looked after and previously looked after children
2. Exceptional Social / Medical Need
3. Children of the Founding Directors
4. Brothers and sisters (siblings)
5. Children for whom the school is the nearest to their home address
6. Any other applicant - if the school is oversubscribed within any criteria, then places will be offered on the basis of nearness to the school measured in a straight line from the address point of the student's house, as set by Ordnance Survey to the nearest school gate for students to use.

Further details can be found in the school's Admissions Policy. Proposed amendments to the school's Admissions Policy for admission in September 2018 are under review and consultation.

# HOE VALLEY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Strategic report

#### Achievements and performance

During the reporting period, key achievements included:

- designed and delivered a broad and balanced curriculum
- recruited all the required staff for the second year of operation
- secured planning permission for the permanent site for the school

Hoe Valley School had a very successful first academic year. Formal visits from the Department of Education, the Education Funding Agency, Surrey County Council and the School Improvement Partner were positive in terms of the quality of teaching and learning, the behaviour, safety and welfare of the students and the leadership and management of the School. The School's innovative curriculum was particularly praised with the ACCESS strand (Analyse, Collaborate, Communicate, Explore, Strategise and Self-govern) helping students to link their learning to the real world and develop the skills which their employers of the future are looking for.

The School also received positive feedback from key stakeholder groups in its February survey. 100% of parents who responded said they would recommend the School to another parent, and all staff felt the School was well led with an exciting, broad and balanced curriculum on offer. Students reported feeling safe, enjoying their learning and welcoming the opportunity to work on cross-curricular projects in the questionnaire and via student leadership forums.

Academically, the vast majority of students are on track to make outstanding progress and students feel well challenged and supported. The curriculum was supported by a number of Innovation Days, where the timetable was suspended to allow extended, practical learning for the day, by a range of after School enrichment clubs and by the inaugural trip abroad. The School was fully staffed for the following academic year and currently has a waiting list.

#### Key performance indicators

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

- To secure a minimum of 90 students onto the roll for the first year of operation for the school (99 achieved)
- To have pupil attendance of at least 96% (94.9% achieved)
- To ensure that 85% of all lessons were good or outstanding (93% achieved)
- To recruit the necessary staff for the 2016-17 academic year (achieved)
- To operate the school within the approved budget for 2015-16 (achieved)
- To ensure at least 85% of students achieve expected progress or better in English, Maths and Science (achieved English: 91%, Maths: 74%, Science: 93%)

#### 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 accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.



# HOE VALLEY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### **Financial review**

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

During the period ended 31 August 2016, total expenditure of £1,839,000 was met by funding from the EFA. The excess of operational income over expenditure for the period was £24,000.

At 31 August 2016, the Academy Trust held fund balances totalling £299,000 (2015: £324,000). Of this amount, £164,000 represented the tangible fixed assets owned by the Academy Trust (2015: £193,000), £155,000 represented surplus carried forward from previous periods (2015: £131,000) and a deficit of £20,000 (2015: £nil) represented the Academy Trust's Local Government Pension Scheme liability.

#### Reserves policy

The Academy Trust held fund balances at 31 August 2016 of £299,000 comprising £135,000 of restricted funds and £164,000 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, 3-5% 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 2016, the target reserve levels were therefore £54,000 to £90,000. 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 £155,000 (2015: £131,000), 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 £20,000 (2015: £nil) in deficit as at 31 August 2016. 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. The results of the next full actuarial valuation of the Surrey County Council Local Government Pension Scheme are expected to be published in early 2017. It is anticipated that the Academy Trust's contribution rates will be increased as a result.

#### Investment policy and powers

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 Resources Committee meetings. The School Business Manager also regularly monitors cash flow and ensures sufficient funds are held to cover all known and anticipated commitments.

# HOE VALLEY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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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.
- 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.

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.

#### Plans for future periods

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

- continue to market the school to ensure a high volume of applications for Year 7 places in September 2017
- recruit the necessary staff for the 2017-18 academic year
- ensure that at least 85% of students make better than expected progress in English and maths
- progress the building of the school's permanent site on the Egley Road Campus
- ensure the extension to the accommodation at Woking Park is available in good time for the third year group to join in September 2017.

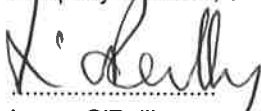
#### Auditor

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 LLP 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 15/12/16 and signed on its behalf by:

  
Lynne O'Reilly  
Chair of Governors

# HOE VALLEY SCHOOL

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### 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)	5	5
Nick Arkell	3	5
Jo Bostock	5	5
Guy Graham	4	5
Claerwyn Hamilton-Wilkes	5	5
Barry Hartop (Appointed 17 March 2016)	2	2
Ken Henderson (Chair of Resources Committee)	5	5
Alex Holmes	4	5
Claire McDonnell	5	5
Lynne O'Reilly (Chair of Governors)	5	5

A skills review of the Governing Body was conducted during the Autumn 2015 term. This reviewed the skills and experience of the Governors in the following areas:

- Understanding / experience of governance
- Vision and strategic planning
- Holding the head to account
- Financial oversight
- Knowing your school and community

All areas showed strong skills across the Governing Body, with two sub-areas highlighted for further improvement:

- Experience of premises and facilities management
- Understanding of special educational needs

The Trust intends to review Governor training in these two areas and also to complete a full Governance review in due course.

# HOE VALLEY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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The attendance at meetings of the Resources Committee meetings was as follows:

Governors	Meetings attended	Out of possible
Penny Alford (Head Teacher)	3	3
Jo Bostock	3	3
Guy Graham	3	3
Barry Hartop (Appointed 17 March 2016)	0	1
Ken Henderson (Chair of Resources Committee)	3	3
Lynne O'Reilly (Chair of Governors)	3	3

### 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.

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

### 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.

# HOE VALLEY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **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 Resources Committee.

The Trust's Responsible Officer has delivered their schedule of work as planned and no material control issues were identified during the accounting period.

### **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 15/12/16 and signed on its behalf by:



Penny Alford  
Head Teacher

  
Lynne O'Reilly  
Chair of Governors

# HOE VALLEY SCHOOL

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

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As Accounting Officer of Hoe Valley School I have considered my responsibility to notify the Academy Trust Governing Body 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 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 2015.

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 2015.

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 EFA.



Penny Alford  
**Accounting Officer**

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# HOE VALLEY SCHOOL

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2016**

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 accounts 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 Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, 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 2015 to 2016;
- 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 accounts; and
- prepare the accounts 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 accounts 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 EFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the Governing Body on 15/12/16 and signed on its behalf by:

  
Lynne O'Reilly  
Chair of Governors

# HOE VALLEY SCHOOL

## INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF HOE VALLEY SCHOOL

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We have audited the accounts of Hoe Valley School for the year ended 31 August 2016 set out on pages 18 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 13, the Governors, who are also the directors of Hoe Valley School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts 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 accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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;
- 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 2015 to 2016.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.



# HOE VALLEY SCHOOL

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

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### **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 accounts 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.



**Kevin Walmsley (Senior Statutory Auditor)**  
**for and on behalf of Wilkins Kennedy LLP**

### **Chartered Accountants**

#### **Statutory Auditor**

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

Dated: 20-12-2016

# HOE VALLEY SCHOOL

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

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In accordance with the terms of our engagement letter dated 18 November 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 Hoe Valley School during the period 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 Hoe Valley School and EFA 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 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 Hoe Valley School and EFA, 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 March 2015 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 period 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 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 FUNDING AGENCY (CONTINUED)

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#### Conclusion

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



#### Reporting Accountant

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

Dated: 20.12.2016

# HOE VALLEY SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General	Fixed asset £'000	Total 2016 £'000	Total 2015 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	46	46	193
Charitable activities:						
- Funding for educational operations	3	-	1,751	-	1,751	210
Other trading activities	4	38	-	-	38	-
<b>Total income and endowments</b>		<u>38</u>	<u>1,751</u>	<u>46</u>	<u>1,835</u>	<u>403</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	6	38	1,726	75	1,839	162
<b>Total expenditure</b>	5	<u>38</u>	<u>1,726</u>	<u>75</u>	<u>1,839</u>	<u>162</u>
<b>Net income/(expenditure)</b>		-	25	(29)	(4)	241
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16	-	(21)	-	(21)	-
<b>Net movement in funds</b>		-	4	(29)	(25)	241
<b>Reconciliation of funds</b>						
Total funds brought forward		-	131	193	324	83
Total funds carried forward		<u>-</u>	<u>135</u>	<u>164</u>	<u>299</u>	<u>324</u>

# HOE VALLEY SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information Year ended 31 August 2015	Notes	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2015 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	-	193	193
Charitable activities:					
- Funding for educational operations	3	-	210	-	210
<b>Total income and endowments</b>		-	210	193	403
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	6	-	162	-	162
<b>Total expenditure</b>	5	-	162	-	162
<b>Net income/(expenditure)</b>		-	48	193	241
<b>Reconciliation of funds</b>					
Total funds brought forward		-	83	-	83
Total funds carried forward		-	131	193	324

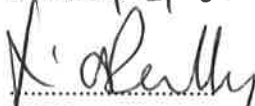
# HOE VALLEY SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2016

		2016	2015
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	10	164	193
<b>Current assets</b>			
Debtors	11	890	179
Cash at bank and in hand		190	119
		1,080	298
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(925)	(167)
<b>Net current assets</b>		155	131
<b>Net assets excluding pension liability</b>		319	324
Defined benefit pension liability	16	(20)	-
<b>Net assets</b>		299	324
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>	14		
- Fixed asset funds		164	193
- Restricted income funds		155	131
- Pension reserve		(20)	-
<b>Total restricted funds</b>		299	324
<b>Unrestricted income funds</b>	14	-	-
<b>Total funds</b>		299	324

The accounts set out on pages 18 to 35 were approved by the Governing Body and authorised for issue on 15/12/16 and are signed on its behalf by:

  
Lynne O'Reilly  
Chair of Governors

Company Number 08833418

# HOE VALLEY SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	71	33
<b>Cash flows from investing activities</b>			
Capital grants from DfE and EFA		46	193
Payments to acquire tangible fixed assets		(46)	(193)
		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		71	33
Cash and cash equivalents at 1 September 2015		119	86
<b>Cash and cash equivalents at 31 August 2016</b>		190	119

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2016

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

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

These accounts for the year ended 31 August 2016 are the first accounts of Hoe Valley School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 20.

##### 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 accounts 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 accounts.

##### 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 receivable

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 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.



# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Donations

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

#### Other income

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

### 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.

#### Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	3 years
Fixtures, fittings & equipment	4 years

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 1 Accounting policies

(Continued)

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

#### 1.6 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 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.

#### 1.9 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 prospective unit credit method. As stated in note 16, 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 are recognised in the period to which they relate.

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

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 1 Accounting policies

(Continued)

##### 1.10 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 the Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

##### 1.11 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 16, 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 judgement

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

#### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	46	46	193

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	786	786	-
Other DfE / EFA grants	-	954	954	210
	-	1,740	1,740	210
<b>Other government grants</b>				
Local authority grants	-	11	11	-
<b>Total funding</b>	-	1,751	1,751	210

### 4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Catering income	28	-	28	-
Parental contributions	10	-	10	-
	38	-	38	-

### 5 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
<b>Academy's educational operations</b>					
- Direct costs	461	-	70	531	83
- Allocated support costs	191	77	1,040	1,308	79
	652	77	1,110	1,839	162
<b>Total expenditure</b>	652	77	1,110	1,839	162

Note 7

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

5	Expenditure	(Continued)			
	Net income/(expenditure) for the year includes:		2016	2015	
			£'000	£'000	
	Fees payable to auditor for:				
	- Audit		6	5	
	- Other services		3	2	
	Operating lease rentals		127	2	
	Depreciation of tangible fixed assets		75		
6	Charitable activities				
		Unrestricted funds	Restricted funds	Total	
		£'000	£'000	2016	
				£'000	
	Direct costs - educational operations	38	493	531	
	Support costs - educational operations	-	1,308	1,308	
		38	1,801	1,839	
				2016	
				£'000	
	Analysis of support costs				
	Support staff costs			190	
	Depreciation and amortisation			75	
	Technology costs			3	
	Premises costs			145	
	Other support costs			873	
	Governance costs			22	
				1,308	
7	Staff costs				
			2016	2015	
			£'000	£'000	
	Wages and salaries		500	91	
	Social security costs		42	6	
	Operating costs of defined benefit pension schemes		92	9	
	Staff costs		634	106	
	Supply staff costs		10	-	
	Staff development and other staff costs		8	-	
	Total staff expenditure		652	106	

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 7 Staff costs

(Continued)

#### Staff numbers

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

	2016 Number	2015 Number
Teachers	11	1
Administration and support	3	2
Management	3	3
	<u>17</u>	<u>6</u>

#### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	1	-
	<u>2</u>	<u>0</u>

#### 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 £225,159.

### 8 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 (Headteacher)

- Remuneration £75,000 to £80,000 (2015: £40,000 to £45,000)
- Employer's pension contributions £10,000 to £15,000 (2015: £5,000 to £10,000)

In the year ended 31 August 2015, P Alford was employed by the Academy Trust for part of the year only.

Expenses totalling £nil were paid to Governors during the year (2015: expenses totalling £540 were paid to two Governors during the year)

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 9 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 2016.

### 10 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 September 2015	160	33	193
Additions	34	12	46
	<u>194</u>	<u>45</u>	<u>239</u>
At 31 August 2016			
<b>Depreciation</b>			
At 1 September 2015	-	-	-
Charge for the year	65	10	75
	<u>65</u>	<u>10</u>	<u>75</u>
At 31 August 2016			
<b>Net book value</b>			
At 31 August 2016	129	35	164
	<u>160</u>	<u>33</u>	<u>193</u>
At 31 August 2015			

### 11 Debtors

	2016 £'000	2015 £'000
VAT recoverable	23	48
Prepayments and accrued income	867	131
	<u>890</u>	<u>179</u>

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

12 Creditors: amounts falling due within one year	2016 £'000	2015 £'000
Trade creditors	75	146
Other taxation and social security	13	-
EFA creditors	8	14
Other creditors	12	-
Accruals and deferred income	817	7
	<u>925</u>	<u>167</u>
	<u><u>925</u></u>	<u><u>167</u></u>
13 Deferred income	2016 £'000	2015 £'000
Deferred income is included within:		
Creditors due within one year	5	2
	<u>5</u>	<u>2</u>
Deferred income at 1 September 2015	2	-
Released from previous years	(2)	-
Amounts deferred in the year	5	2
	<u>5</u>	<u>2</u>
Deferred income at 31 August 2016	<u><u>5</u></u>	<u><u>2</u></u>

As at 31 August 2016, the Academy Trust held £5,000 of funds received in advance from parents and from the EFA relating to the 2016-17 academic year.

14 Funds	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant	-	786	(767)	-	19
Other DfE / EFA grants	131	954	(949)	-	136
Other government grants	-	11	(11)	-	-
	<u>131</u>	<u>1,751</u>	<u>(1,727)</u>	<u>-</u>	<u>155</u>
Funds excluding pensions	131	1,751	(1,727)	-	155
Pension reserve	-	-	1	(21)	(20)
	<u>131</u>	<u>1,751</u>	<u>(1,726)</u>	<u>(21)</u>	<u>135</u>
	<u><u>131</u></u>	<u><u>1,751</u></u>	<u><u>(1,726)</u></u>	<u><u>(21)</u></u>	<u><u>135</u></u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	193	46	(75)	-	164
	<u>193</u>	<u>46</u>	<u>(75)</u>	<u>-</u>	<u>164</u>
	<u><u>193</u></u>	<u><u>46</u></u>	<u><u>(75)</u></u>	<u><u>-</u></u>	<u><u>164</u></u>
<b>Total restricted funds</b>	<u>324</u>	<u>1,797</u>	<u>(1,801)</u>	<u>(21)</u>	<u>299</u>
	<u><u>324</u></u>	<u><u>1,797</u></u>	<u><u>(1,801)</u></u>	<u><u>(21)</u></u>	<u><u>299</u></u>



# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 14 Funds (Continued)

#### Unrestricted funds

General funds	-	38	(38)	-	-
	=====	=====	=====	=====	=====
<b>Total funds</b>	324	1,835	(1,839)	(21)	299
	=====	=====	=====	=====	=====

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

General Annual Grant: Income received from the EFA 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 2016.

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.

### 15 Analysis of net assets between funds

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	164	164
Current assets	925	155	-	1,080
Creditors falling due within one year	(925)	-	-	(925)
Defined benefit pension liability	-	(20)	-	(20)
	=====	=====	=====	=====
	-	135	164	299
	=====	=====	=====	=====

### 16 Pensions 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 2013.

Contributions amounting to £11,418 (2015: £nil) were payable to the schemes at 31 August 2016 and are included within creditors.

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Pensions and similar obligations

(Continued)

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 pension costs paid to the TPS in the period amounted to £58,000 (2015: £9,000).

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 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 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 £140,000.

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Pensions and similar obligations

(Continued)

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	2016 £'000	2015 £'000
Employer's contributions	35	-
Employees' contributions	9	-
Total contributions	44	-

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	2.4	-
Rate of increase for pensions in payment	2.1	-
Discount rate	2.1	-

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

	2016 Years	2015 Years
Retiring today		
- Males	22.5	-
- Females	24.6	-
Retiring in 20 years		
- Males	24.5	-
- Females	26.9	-

The Academy Trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	36	-
Bonds	8	-
Cash	1	-
Property	3	-
Total market value of assets	48	-
Actual return on scheme assets - gain/(loss)	4	-

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

<b>16</b>	<b>Pensions and similar obligations</b>	<b>(Continued)</b>	
	<b>Amounts recognised in the statement of financial activities</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Current service cost (net of employee contributions)	34	-
		=====	=====
	<b>Changes in the present value of defined benefit obligations</b>		<b>2016</b>
			<b>£'000</b>
	Current service cost		34
	Interest cost		1
	Employee contributions		9
	Actuarial loss		24
			=====
	At 31 August 2016		68
			=====
	<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>		<b>2016</b>
			<b>£'000</b>
	Interest income		1
	Return on plan assets (excluding amounts included in net interest):		
	Actuarial gain		3
	Employer contributions		35
	Employee contributions		9
			=====
	At 31 August 2016		48
			=====
<b>17</b>	<b>Reconciliation of net income/(expenditure) to net cash flows from operating activities</b>		
		<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Net income/(expenditure) for the reporting period	(4)	241
	Adjusted for:		
	Capital grants from DfE/EFA and other capital income	(46)	(193)
	Defined benefit pension costs less contributions payable	(1)	-
	Depreciation of tangible fixed assets	75	-
	(Increase)/decrease in debtors	(711)	(179)
	Increase/(decrease) in creditors	758	164
		=====	=====
	<b>Net cash provided by operating activities</b>	<b>71</b>	<b>33</b>
		=====	=====

# HOE VALLEY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 18 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 8.

### 19 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.

### 20 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

#### Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	83	324
	=====	=====

#### Reconciliation of net movement in funds for the previous financial period

	2015 £'000
Net movement in funds as reported under previous UK GAAP and under FRS 102	241
	=====

#### Notes to reconciliations on adoption of FRS 102

##### Classification of capital grants

Under previous UK GAAP, capital grants received from the Education Funding Agency (EFA) were classified as part of resources from charitable activities. Under FRS 102, such grants are recognised under donations and capital grants. The effect of this change was to reduce resources from charitable activities by £193,000 and increase donations and capital grants by an equivalent amount.