

Company Registration No. 07695505 (England and Wales)

VALLEY PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

**GOVERNORS STRATEGIC REPORT AND AUDITED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2017

VALLEY PRIMARY SCHOOL

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VALLEY PRIMARY SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors	W Mitchell (Chair) J Brown (Resigned 1 September 2017) H Randell P Sullens K Scott G Mussard (Resigned 3 July 2017) T Reid S Crowley R Wolfendale S Jackson (Accounting Officer) (Appointed 1 September 2016)
Members	W Mitchell J Brown - (resigned 31/08/2016) H Randall
Senior leadership team	S Jackson - Headteacher K Bradley - Assistant Headteacher R Coulson - Assistant Headteacher Y Mulla - Assistant Headteacher C Marchant - CFO
Company registration number	07695505 (England and Wales)
Registered office	Valley Primary School Beckenham Lane Bromley Kent BR2 0DA
Independent auditor	Wilkins Kennedy LLP Greytown House 221-227 High Street Orpington Kent BR6 0NZ
Bankers	HSBC City of London Branch 60 Queen Victoria Street London EC4N 4TR
Solicitors	Veale Wasbrough Vizards Barnards Inn 86 Fetter Lane London EC4A 1AD

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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

The academy trust operates an academy for pupils aged 4 to 11 It has a pupil capacity of 480 and had a roll of 477 in the school census in January 2017.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee with no share capital (registration no. 07695505) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors are the trustees of Valley Primary School and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Valley Primary School was incorporated on 6 July 2011 and obtained Academy status from 1 August 2011

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.

Method of recruitment and appointment or election of governors

The members of the Academy Trust shall comprise the signatories to the Memorandum, 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose, the Chairman of the Governors and any person appointed under Article 16.

The number of Governors shall be not less than 3, but shall not be subject to a maximum. The first Governors shall be those named in the initial Memorandum. The Academy Trust shall have up to 11 Governors; 2 Staff Governors, 1 LA Governor; 4 parent Governors; the Head Teacher, any Additional Governors if appointed under Article 62,62A or 68A; and any Further Governors if appointed under Article 63 or Article 68A. The Academy may also have up to 3 Co-opted Governors, a person who is appointed to be a governor by being co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if the number of Governors who are employed by the Academy Trust would thereby exceed one third of the total number of Governors (including the Head Teacher).

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, save that this time limit shall not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of governors

During the period under review the Governors held 4 meetings. The training and induction provided for new Governors will depend on their existing experience. Each new Governor receives induction training through the Bromley Governor training package. 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. As there are normally only two or three new Governors a period, induction tends to be done informally and is tailored specifically to the individual.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The structure consists of four levels: the Governors, Headteacher, Senior Leadership Team and Middle Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors are responsible for setting general policy, adopting an annual School Development Plan and budget, monitoring the Academy by the use of key objective budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team are the Headteacher, Deputy Headteachers and School Business Manager. These leaders control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for middle and senior leader posts contain at least one Governor. Some spending control is devolved to Middle Leaders, with limits above which the Head Teacher must countersign.

Arrangements for setting pay and remuneration of key management personnel

Staff are set annual appraisal targets which reflect National Standards for Teachers (DfE Document). Targets relate to progress of pupils, quality of teaching over time and a personal professional development target.

Progress against these targets is monitored on a termly monitoring cycle and staff performance is discussed at the termly Governor Learning and Achievement Committee Meetings.

The Headteacher in conjunction with the Finance and Personnel Committee agree appropriate pay remuneration.

Related parties and other connected charities and organisations

The Trust works closely with Bromley Collegiate in training the next generation of teachers. We work with BYMT and Bromley Sports Partnership and Parkhouse Rugby Club. We are a named partner in the EYELA Teaching School Alliance.

The Academy Trust became a member of the Academy Learning Collaborative, an Umbrella Trust comprising nine academies all within the London Borough of Bromley and having similar or complementary aims and ethos. The Academy joined the Collaborative in September 2014 and the School's Articles reflect this change. The Academy Learning Collaborative was established with the purpose of enabling member schools to benefit from focused school improvement, mutual support, shared ideas and experience, and potentially some financial economies of scale. Academic year 16/17 saw the disbanding of the ALC as partner schools looked to join multi-academy trusts within the borough. Throughout the year, Valley Primary School undertook a process of research and fact finding with four multi-academy trusts and agreed to formally pursue, through a process of due diligence, an application to join Connect School Academy Trust (CAST) in the autumn term of the academic year 17/18.

Objectives and activities

Objects and aims

Vision

Valley Primary School is a caring community with learning at its heart. The Academy is a primary school for pupils aged 4 to 11. School staff encourage children to aim high, be honest and work together. Senior leaders and Governors work with colleagues and other partners to promote high standards and teamwork. There is a sense of purpose, fun and enjoyment in the School which is nurtured and sustained. The School has long record of success and leaders work to ensure that we keep the best of what we have while continually striving to improve and build on strong foundations.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

This can be summarised as:-

**Care – Learn - Aim high
Be honest - Work together - Enjoy what we do
Look after what we have - Improve on our previous best**

Learning is at the heart of what we do at Valley Primary School.

Our core business is - **to ensure that children learn as effectively as possible**

We are opening doors for each child, allowing them to practice important skills for life such as being responsible, learning to read, write, spell, be numerate, make informed choices and to love learning across a wide curriculum that includes science, art, music, sport, languages and humanities.

Valley Primary School is proud to date originally from 1889 and yet provide enhanced facilities, buildings and generous outdoor green space to deliver today's modern, demanding and creative curriculum.

Valley Primary School is a School where everyone works hard to ensure that the children are safe, secure, and part of a friendly caring community. We want children to be happy and excited about coming to School. We encourage them to learn, achieve and make progress and to develop knowledge, skills and understanding across a wide curriculum. We aim for pupils to thrive and develop the skills they need for life-long learning.

The School had an Ofsted Inspection in October 2014. The outcome was 'Good' in all areas. Ofsted noted the following:-

Valley Primary School is a happy, hard-working and inclusive school

Pupils behave well and feel safe. There is a strong culture of mutual respect between pupils and their teachers

Pupils learn a broad range of subjects, including a wide range of sporting, creative and musical opportunities, which contribute well to their enjoyment of school

The school's key values are widely promoted and understood. Relationships in the school are strong

Objectives, strategies and activities

The main objectives of the Academy during the year ended 31 August 2017 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise pupil attainment and accelerate progress for key groups of pupils;
- to improve effectiveness of all Leaders and Managers;
- to strengthen support for whole life development-British values, healthy lifestyles, e-safety, sex and relationships education, drugs education;
- pupils are exceptionally well prepared for the next stage in their education (outcomes);

Valley Primary School community values diversity and seeks to give everyone in the School an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination, or prejudice. By our actions we will work together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit Valley Primary School.

Students will be happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at School. They will be developing as independent learner in an age appropriate ways, developing how to learn and the role of emotions and dispositions in the learning process, which they draw on to address challenge and difficulty, as well as success.

All staff will have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers and support staff will enthuse and inspire others to explore new ideas.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Parents will fulfill their roles as true partners, recognizing their role in the student - school – parent partnership to ensure that their child realizes his/her potential.

Governors will contribute to the life of the School on a wider scale, acting as critical friends to support the School in becoming a centre of excellence.

Public benefit

The governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

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 Trustees consider how planned activities will contribute to the aims and objectives they have set. The criteria used to admit pupils to Valley Primary School is:-

- Looked after children
- Siblings
- Proximity to the School

In September 2016 the furthest offer made was 0.17 miles from the School. The School follows the London Borough of Bromley Admission Procedures (see LBB website).

Strategic report

Achievements and performance

The Academy continues to achieve the forecast numbers of students. Total students in the year ended 31st August 2017 numbered 475 and the Academy published pupil admission number for 16/17 was 480.

The Academy is a two form entry primary School (3 form for 2011/12 and 2012/13) with many strengths. The School is successful, popular and oversubscribed.

Pupils enter the School from a very wide range of social, cultural and economic backgrounds. The Academy prides itself on being an inclusive School.

KS2 data for Summer 2017 shows Valley is well above the national average across reported curriculum areas.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Valley Primary School KS2 Data Headlines 2017

	Below 100	100+	Higher Standard 110+
Reading 2017	7%	93%	53%
National 2017	29%	71%	25%
<hr/>			
Writing 2017	10%	90%	20%
National 2017	24%	76%	18%
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Maths 2017	15%	85%	42%
National 2017	25%	75%	23%
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SPAG 2017	10%	90%	53%
National 2017	23%	77%	31%
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The number of pupils eligible for free school meals is 43. There are 48 pupils in receipt of Ever 6 Funding and 2 Looked After Children.

Key performance indicators

The main KPI is the Ofsted Framework for Inspection:

- Inspectors must judge the quality of education provided in the School. This is the overarching judgement.
- In order to make a judgement about the quality of education provided in the School, inspectors must first make five key judgements. These are:
- Overall effectiveness
- Effectiveness of leadership and management
- Quality of teaching, learning and assessment
- Personal development, behaviour and welfare
- Outcomes for pupils

Inspectors use the following four-point scale to make all judgements, including where applicable, judging the effectiveness of the early years provision and the 16 to 19 study programmes;

- Grade 1: outstanding
- Grade 2: good
- Grade 3: requires improvement
- Grade 4: inadequate

Against the Ofsted criteria Senior Leaders have through self evaluation procedures judged that Valley is a good school.

There has been success in narrowing gaps between those on Free School Meals (Ever 6) and the rest of the pupils.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Going concern

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

Financial review

Most of the Academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total expenditure of £3,097k (2016: £2,596k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income over for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £274k (2016: £281k income over expenditure).

At 31 August 2017 the net book value of fixed assets was £4,741k (2016: £4,796k). Movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The London Borough of Bromley Pension Fund, in which the Academy participates, showed a deficit of £497k (2016: £559k) at 31 August 2017.

Financial position

The Academy held fund balances at 31 August 2017 of £4,975k (2016: £4,750k) comprising £4,458k (2016: £4,382k) of restricted funds and £517k (2016: £368k) of unrestricted general funds. Of the restricted funds, £4,741k (2016: £4,796k) is represented by tangible fixed assets, £210k (2016: £nil) by unspent capital grant funding and £4k of unspent ESFA funding.

The pension reserve which is considered part of restricted funds was £497k (2016: £539k) in deficit.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £200k (2016: £200k).

The Academy's current level of free reserves of £517k (2016: £368k) (total funds less the amount held in fixed assets and restricted funds).

The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted.

The School is planning to join a MAT and funds will be required to meet the associated costs, e.g. legal costs.

Part of Valley Primary School is housed in a building dating back to 1881 and the Governors are mindful of the ongoing maintenance and repairs that such a building requires.

The School is aware that pension contributions for teachers will increase from April 2019 and the reserves will be used to ease these increased costs.

Investment policy and powers

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. 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 principle risks and uncertainties that Valley Primary School faces are mitigated by the risk management process that Academy Trust has in place.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the School faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and School trips) and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 11.

The Governors and senior management of Valley assess its risks. The risks include all types of business and financial risks the school faces. The school records its key risks using a software tool called Rhiza, and the school reviews the reports from the system at least once every term.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Financial and risk Management objectives and policies

The main financial risks to which Valley Primary School is exposed, taking account of the mitigations in place, relate the risk of an income shortfall due to the likelihood of further government spending reductions affecting our general grant. A risk also arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £497k (2016: £539k).

Annual Review 2016-17

The previous year was one of transition, with Mr Brown reducing his days and Mr Jackson taking on the lead during Mr Brown's absence. 2016-17 saw Mr Jackson take up the role of our head teacher and our exploration of opportunities to join a multi-academy trust. Despite all of these changes, which may have disrupted and distracted, our school has had a fantastic year with significant gains in pupil attainment, the quality of teaching and our children's experience in school. Our decision to join Connect Schools Academy Trust will help to secure our successes and pool our respective resources and talents, yet retain the clear Valley ethos and identity.

In June 2017, governors and senior leaders worked on key improvement criteria together which form the basis of a new School Development Plan with 4 key priorities:

- Priority 1 : Pupils
- Priority 2: Improve effectiveness further of all Leaders and Managers
- Priority 3: To strengthen further the support for whole life development of pupils
- Priority 4: Ensure pupils are exceptionally well prepared for the next stage in their education.

The trends in education mean that the way in which children are assessed at KS1 and KS2 were changed from September 2015, moving away from the 'levels' which we have been used to over the last 15 years or so. We continued to solidify our in-house method of assessment in line with National criteria throughout academic year 16/17.

Quality of teaching and learning has been strengthened with cross school collaboration with CSAT and other local primary schools.

- Extremely Positive attainment and progress scores in the 2017 National Tests placing Valley significantly above national average in Maths and Reading and above national in writing.
- At Key Stages 1 and 2 the proportion of pupils reaching the expected standard was above the National in all subjects
- All round improvement of the outcomes in pupils' books across the school
- Increases consistency in marking and feedback
- The gap between our FSM and Non-FSM pupils have narrowed in Reading and Maths combined and the attainment for our FSM children in 2017 were above all pupils Nationally and FSM pupils Nationally in Reading and Maths.

Plans for future periods

Valley Primary School was fortunate enough to secure both CIF bids in 2016 application process resulting in £418,000 worth of work being undertaken on the Victorian part of the school building. For 2017/18, the governors and senior leadership team have some key plans for the future:

- Exploring further income streams especially through lettings
- To play a key role in the development of Connect Schools Academy Trust as an equal partner.
- To raise the percentage of children achieving GLD in EYFS.
- To further raise attainment and progress at KS1 and KS2.
- To increase the proportion of outstanding teaching
- To strengthen the effectiveness of leadership across the school.

VALLEY PRIMARY SCHOOL

GOVERNORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 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.

The governors report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 13 December 2017 and signed on its behalf by:

W Mitchell

Chair

VALLEY PRIMARY SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of governors has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Valley Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of governors 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 board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
W Mitchell (Chair)	3	4
J Brown (Resigned 1 September 2017)	0	0
H Randell	4	4
P Sullens	4	4
K Scott	2	4
G Mussard (Resigned 3 July 2017)	2	4
T Reid	4	4
S Crowley	4	4
R Wolfendale	2	4
S Jackson (Accounting Officer) (Appointed 1 September 2016)	4	4

There were no key changes in the composition of the Board and no particular challenges during the year.

Valley Primary School Trust members constantly review systems and procedures and have developed a sophisticated Risk Register.

The Governing body were subject to a specific due diligence assessment as part of the transfer to CSAT.

The Finance and Personnel Committee is a sub-committee of the main Governing Body. Its purpose is to approve the annual budget, review expenditure and forecast against the budget and propose larger items of expenditure. It receives and considers the findings of reports from the Internal Auditor.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
W Mitchell (Chair)	4	4
P Sullens	4	4
T Reid	4	4
S Jackson (Accounting Officer) (Appointed 1 September 2016)	4	4

VALLEY PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

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

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

- The School has kept its Staffing Structure under review
- The Schools has focussed its core resources on 5 main areas:-
 - Writing
 - Quality of Teaching
 - Closing Gaps including those with SEN
 - Pupil Premium
 - Sports Funding

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 Valley Primary School for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors 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 board of governors 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 period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the Finance and Personnel 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.

VALLEY PRIMARY SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Governors have appointed Wilkins Kennedy LLP, to complete the internal audit function. Wilkins Kennedy LLP's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- Testing of control systems
- Testing of control account/ bank reconciliation
- Review of policies and procedures and adherence thereon
- Review of governance and training of Governors

Wilkins Kennedy LLP reports to the Governing body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The role is carried out by a separate department at Wilkins Kennedy LLP with no connection to the audit team, this is to ensure the reviews are carried out independently.

The Governors confirm the internal auditor has delivered their schedule of work as planned, and no material control issues arose as a result of the internal auditor's work .

Review of effectiveness

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

- the work of the Internal audit review;
- the work of the external auditor;
- 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 Finance and Personnel Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 13 December 2017 and signed on its behalf by:

W Mitchell
Chair

S Jackson
Accounting Officer

VALLEY PRIMARY SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2017*

As accounting officer of Valley Primary School I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2016.

I confirm that I and the academy trust's board of governors 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 2016.

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

S Jackson
Accounting Officer

13 December 2017

VALLEY PRIMARY SCHOOL

STATEMENT OF GOVERNORS RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The governors (who act as trustees for Valley Primary School and are also the directors of Valley Primary 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 and 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 2016 to 2017;
- 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 board of governors on 13 December 2017 and signed on its behalf by:

W Mitchell
Chair

VALLEY PRIMARY SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALLEY PRIMARY SCHOOL

Opinion

We have audited the financial statements of Valley Primary School (the 'Academy Trust') for the year ended 31 August 2017 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 2016 to 2017 issued by the Education and 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 2017 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 2016 to 2017.

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 governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

VALLEY PRIMARY SCHOOL

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 Academy Trust, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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.

VALLEY PRIMARY SCHOOL

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

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

Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP

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Chartered Accountants
Statutory Auditor

Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

VALLEY PRIMARY SCHOOL

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

In accordance with the terms of our engagement letter dated 27 July 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Valley Primary School during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Valley Primary School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Valley Primary 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 Valley Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Valley Primary School's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

VALLEY PRIMARY SCHOOL

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Dated: 18 December 2017

VALLEY PRIMARY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	64	-	355	419	45
Charitable activities:						
- Funding for educational operations	4	-	2,459	-	2,459	2,548
Other trading activities	5	214	-	-	214	191
Investments	6	4	-	-	4	1
Total income and endowments		<u>282</u>	<u>2,459</u>	<u>355</u>	<u>3,096</u>	<u>2,785</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	75	2,940	82	3,097	2,596
Total expenditure	7	<u>75</u>	<u>2,940</u>	<u>82</u>	<u>3,097</u>	<u>2,596</u>
Net income/(expenditure)		207	(481)	273	(1)	189
Transfers between funds		(58)	176	(118)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	226	-	226	(278)
Net movement in funds		<u>149</u>	<u>(79)</u>	<u>155</u>	<u>225</u>	<u>(89)</u>
Reconciliation of funds						
Total funds brought forward		<u>368</u>	<u>(414)</u>	<u>4,796</u>	<u>4,750</u>	<u>4,839</u>
Total funds carried forward		<u>517</u>	<u>(493)</u>	<u>4,951</u>	<u>4,975</u>	<u>4,750</u>

VALLEY PRIMARY SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	33	12	-	45
Charitable activities:					
- Funding for educational operations	4	-	2,548	-	2,548
Other trading activities	5	191	-	-	191
Investments	6	1	-	-	1
Total income and endowments		<u>225</u>	<u>2,560</u>	<u>-</u>	<u>2,785</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	68	2,436	92	2,596
Total expenditure	7	<u>68</u>	<u>2,436</u>	<u>92</u>	<u>2,596</u>
Net income/(expenditure)		157	124	(92)	189
Transfers between funds		-	(7)	7	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	20	-	(278)	-	(278)
Net movement in funds		157	(161)	(85)	(89)
Reconciliation of funds					
Total funds brought forward		211	(253)	4,881	4,839
Total funds carried forward		<u>368</u>	<u>(414)</u>	<u>4,796</u>	<u>4,750</u>

VALLEY PRIMARY SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		4,741		4,796
Current assets					
Debtors	14	61		49	
Cash at bank and in hand		738		516	
		<u>799</u>		<u>565</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(68)		(72)	
		<u></u>		<u></u>	
Net current assets			731		493
Net assets excluding pension liability			5,472		5,289
Defined benefit pension liability	20		(497)		(539)
			<u></u>		<u></u>
Net assets			4,975		4,750
			<u></u>		<u></u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			4,951		4,796
- Restricted income funds			4		125
- Pension reserve			(497)		(539)
			<u></u>		<u></u>
Total restricted funds			4,458		4,382
Unrestricted income funds	18		517		368
			<u></u>		<u></u>
Total funds			4,975		4,750
			<u></u>		<u></u>

The financial statements set out on pages 21 to 43 were approved by the board of governors and authorised for issue on 13 December 2017 and are signed on its behalf by:

W Mitchell
Chair

Company Number 07695505

VALLEY PRIMARY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £'000	£'000	2016 £'000	£'000
Cash flows from operating activities					
Net cash provided by (used in) operating activities	21		(110)		300
Cash flows from investing activities					
Dividends, interest and rents from investments		4		1	
Capital grants from DfE and ESFA		355		-	
Payments to acquire tangible fixed assets		(27)		(7)	
			332		(6)
Change in cash and cash equivalents in the reporting period			222		294
Cash and cash equivalents at 1 September 2016			516		222
Cash and cash equivalents at 31 August 2017			<u>738</u>		<u>516</u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Valley Primary 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 2015 to 2016 issued by ESFA, the Charities Act 2011 and the Companies Act 2006 (other than in respect of the disclosure of remunerations received by staff governors under employments contracts - see note 11 for details).

Valley Primary 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 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 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.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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 goods, facilities and services

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

Donated fixed assets

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.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

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.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors meetings and reimbursed expenses.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing less than £5,000 are to be written off in the period of acquisition. All others 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 the cost is transferred to the restricted fixed asset fund, depreciation on such assets is charged to the restricted fixed asset fund.

The property has been included at the valuation provided by the ESFA when completing their desktop valuation.

The academy has a 125 year lease from conversion on the land and buildings with the London Borough of Bromley.

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	Buildings 2%; Land is not depreciated
Fixtures, fittings & equipment	25%

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 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.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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 prospective unit credit method. As stated in note 20, 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.

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 the Education Skills Funding Agency/Department for Education 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 Skills Funding Agency/Department for Education.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 20, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	355	355	-
Other donations	64	-	64	45
	<u>64</u>	<u>355</u>	<u>419</u>	<u>45</u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	2,087	2,087	2,196
Other DfE / ESFA grants	-	224	224	249
	-----	-----	-----	-----
	-	2,311	2,311	2,445
	=====	=====	=====	=====
Other government grants				
Local authority grants	-	118	118	103
Special educational projects	-	30	30	-
	-----	-----	-----	-----
	-	148	148	103
	=====	=====	=====	=====
Total funding	-	2,459	2,459	2,548
	=====	=====	=====	=====

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	8	-	8	25
Catering income	74	-	74	68
Other income	132	-	132	98
	-----	-----	-----	-----
	214	-	214	191
	=====	=====	=====	=====

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	4	-	4	1
	=====	=====	=====	=====

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	1,691	64	256	2,011	1,823
- Allocated support costs	461	370	255	1,086	773
	<u>2,152</u>	<u>434</u>	<u>511</u>	<u>3,097</u>	<u>2,596</u>

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	8	7
- Other services	5	1
Operating lease rentals	4	4
Depreciation of tangible fixed assets	82	92
Net interest on defined benefit pension liability	17	7
	<u>116</u>	<u>112</u>

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	-	2,011	2,011	1,823
Support costs - educational operations	75	1,011	1,086	773
	<u>75</u>	<u>3,022</u>	<u>3,097</u>	<u>2,596</u>

	2017 £'000	2016 £'000
Analysis of support costs		
Support staff costs	461	303
Depreciation and amortisation	18	28
Technology costs	11	11
Premises costs	319	143
Other support costs	262	279
Governance costs	15	9
	<u>1,086</u>	<u>773</u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Governance costs

	Total 2017 £'000	Total 2016 £'000
All from restricted funds:		
Amounts included in support costs		
Legal and professional fees	2	1
Auditor's remuneration		
- Audit of financial statements	8	7
- Other audit costs	5	1
	<u>15</u>	<u>9</u>

10 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	1,488	1,470
Social security costs	133	111
Operating costs of defined benefit pension schemes	439	266
	<u>2,060</u>	<u>1,847</u>
Staff costs		
Supply staff costs	52	11
Staff development and other staff costs	40	55
	<u>2,152</u>	<u>1,913</u>

Staff numbers

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

	2017 Number	2016 Number
Teachers	16	21
Administration and support	40	43
Management	4	4
	<u>60</u>	<u>68</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	4	-
£70,001 - £80,000	1	1
	<u>5</u>	<u>1</u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

10 Staff costs

(Continued)

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 £386k (2016: £316k).

11 Governors remuneration and expenses

The Headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. During the year, no payments for travel and subsistence (2016: £638) were reimbursed to governors (2016: 3 governors).

The value of governors remuneration was as follows:

Stephen Jackson (2016: John Brown (Headteacher))

Remuneration £75,000- £80,000 (2016: £50,000 - £55,000)

Employers Pension Contributions £10,000 - £15,000(2016: £5,000 - £10,000)

Rachel Wolfendale & Soraya Cowley (2015: Emily Cotter (10 months) & Soraya Cowley) (staff)

Remuneration £87,252(2016: £71,697)

Employers Pension Contributions £12,390 (2016: £12,005)

The other staff Governors listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Governors believe any further detailed breakdown would be prejudicial to the structure of the Governing Board.

Other related party transactions involving the governors are set out within the related parties note.

12 Governors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 & 2016 could not be ascertained as it was included with all insurance.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

13 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 September 2016	5,093	100	5,193
Additions	-	27	27
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2017	5,093	127	5,220
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 September 2016	322	75	397
Charge for the year	64	18	82
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2017	386	93	479
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 August 2017	4,707	34	4,741
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2016	4,771	25	4,796
	<u> </u>	<u> </u>	<u> </u>

Included in cost of land and buildings is land of £1,912k (2016: £1,912k) which is not depreciated.

14 Debtors

	2017 £'000	2016 £'000
Trade debtors	2	3
VAT recoverable	36	21
Prepayments and accrued income	23	25
	<u> </u>	<u> </u>
	61	49
	<u> </u>	<u> </u>

15 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Accruals and deferred income	68	72
	<u> </u>	<u> </u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Deferred income	2017	2016
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	37	59
	<u> </u>	<u> </u>
Deferred income at 1 September 2016	59	39
Released from previous years	(59)	(39)
Amounts deferred in the year	37	59
	<u> </u>	<u> </u>
Deferred income at 31 August 2017	37	59
	<u> </u>	<u> </u>

At the balance sheet date the Academy Trust was holding funds received in advance for free school meals for the financial year 2017/18.

17 Financial instruments	2017	2016
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	60	48
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Loan commitments measured at cost less impairment	25	33
	<u> </u>	<u> </u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

	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	49	2,087	(2,312)	176	-
Other DfE / ESFA grants	76	224	(296)	-	4
Other government grants	-	148	(148)	-	-
	-----	-----	-----	-----	-----
Funds excluding pensions	125	2,459	(2,756)	176	4
Pension reserve	(539)	-	(184)	226	(497)
	-----	-----	-----	-----	-----
	(414)	2,459	(2,940)	402	(493)
	=====	=====	=====	=====	=====
Restricted fixed asset funds					
DfE / ESFA capital grants	-	355	-	(145)	210
General fixed assets	4,796	-	(82)	27	4,741
	-----	-----	-----	-----	-----
	4,796	355	(82)	(118)	4,951
	=====	=====	=====	=====	=====
Total restricted funds	4,382	2,814	(3,022)	284	4,458
	=====	=====	=====	=====	=====
Unrestricted funds					
General funds	368	282	(75)	(58)	517
	-----	-----	-----	-----	-----
Total funds	4,750	3,096	(3,097)	226	4,975
	=====	=====	=====	=====	=====

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.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DFE/ESFA grants: This includes the pupil premium, sports funding income, universal infant free school meals, rate relief and insurance rebate .

Other government grants: This includes SEN funding and pre school funding received from the Local Authority.

DFE/ESFA Capital grants: This includes DFC capital and CIF funding.

The transfer of funds relate to the purchase of fixed assets during the period and to cover the additional costs over and above those covered by GAG funding.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	-	2,196	(2,140)	(7)	49
Other DfE / ESFA grants	-	249	(173)	-	76
Other government grants	-	103	(103)	-	-
Other restricted funds	-	12	(12)	-	-
Funds excluding pensions	-	2,560	(2,428)	(7)	125
Pension reserve	(253)	-	(8)	(278)	(539)
	(253)	2,560	(2,436)	(285)	(414)
Restricted fixed asset funds					
DfE / ESFA capital grants	4,881	-	(92)	7	4,796
Total restricted funds	4,628	2,560	(2,528)	(278)	4,382
Unrestricted funds					
General funds	211	225	(68)	-	368
Total funds	4,839	2,785	(2,596)	(278)	4,750

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	4,741	4,741
Current assets	517	72	210	799
Creditors falling due within one year	-	(68)	-	(68)
Defined benefit pension liability	-	(497)	-	(497)
	517	(493)	4,951	4,975

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	4,796	4,796
Current assets	368	197	-	565
Creditors falling due within one year	-	(72)	-	(72)
Defined benefit pension liability	-	(539)	-	(539)
	<u>368</u>	<u>(414)</u>	<u>4,796</u>	<u>4,750</u>

20 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 London Borough of Bromley. 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

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.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £212k (2016: £194k).

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 23.3% for employers and 5.5% to 12.8% for employees. The estimated value of employer contributions for the forthcoming year is £179k (2016: £121k).

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	2017	2016
	£'000	£'000
Employer's contributions	108	121
Employees' contributions	44	31
	<hr/>	<hr/>
Total contributions	152	152
	<hr/> <hr/>	<hr/> <hr/>
Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	3.7	3.3
Rate of increase for pensions in payment	2.2	1.9
Discount rate	2.4	2.1
Inflation assumption (CPI)	2.2	1.8
	<hr/> <hr/>	<hr/> <hr/>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions 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:

	2017	2016
	Years	Years
Retiring today		
- Males	23.3	23.2
- Females	26.0	25.6
Retiring in 20 years		
- Males	25.9	25.5
- Females	28.3	28.5
	<u> </u>	<u> </u>

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

	2017	2016
	£'000	£'000
Discount rate + 0.1%	(38)	(34)
Mortality assumption + 1 year	30	27
CPI rate + 0.1%	39	35
Salary rate + 0.1%	30	12
	<u> </u>	<u> </u>

The academy trust's share of the assets in the scheme

	2017	2016
	Fair value	Fair value
	£'000	£'000
Equities	958	767
Other bonds	176	159
Cash	18	9
Other assets	104	93
	<u> </u>	<u> </u>
Total market value of assets	1,256	1,028
	<u> </u>	<u> </u>
Actual return on scheme assets - gain/(loss)	78	187
	<u> </u>	<u> </u>

Amounts recognised in the statement of financial activities

	2017	2016
	£'000	£'000
Current service cost	275	119
Interest income	(18)	(31)
Interest cost	35	38
Benefit changes, curtailments and settlements gains or losses	-	3
	<u> </u>	<u> </u>
Total operating charge	292	129
	<u> </u>	<u> </u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations	(Continued)	
	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Obligations at 1 September 2016	1,567	945
Current service cost	275	119
Interest cost	35	38
Employee contributions	44	31
Actuarial (gain)/loss	(166)	434
Benefits paid	(2)	-
	<u>1,753</u>	<u>1,567</u>
	<u><u>1,753</u></u>	<u><u>1,567</u></u>
Changes in the fair value of the academy trust's share of scheme assets		
	2017	2016
	£'000	£'000
Assets at 1 September 2016	1,028	692
Interest income	18	31
Actuarial gain	60	156
Employer contributions	108	121
Employee contributions	44	31
Benefits paid	(2)	-
Effect of non-routine settlements	-	(3)
	<u>1,256</u>	<u>1,028</u>
	<u><u>1,256</u></u>	<u><u>1,028</u></u>
21 Reconciliation of net income/(expenditure) to net cash flows from operating activities		
	2017	2016
	£'000	£'000
Net (expenditure)/income for the reporting period	(1)	189
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(355)	-
Investment income receivable	(4)	(1)
Defined benefit pension costs less contributions payable	167	1
Defined benefit pension net finance cost	17	7
Depreciation of tangible fixed assets	82	92
(Increase) in debtors	(12)	(3)
(Decrease)/increase in creditors	(4)	15
	<u>(110)</u>	<u>300</u>
Net cash used in operating activities	<u><u>(110)</u></u>	<u><u>300</u></u>

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

22 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

23 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000	2016 £'000
Amounts due within one year	5	4
Amounts due in two and five years	4	4
	<u>9</u>	<u>8</u>

24 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the financial statements	317	-
	<u>317</u>	<u>-</u>

25 Related party transactions

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

Kent Creative Solutions is a company controlled by Christine Marchant, the Finance Manager. During the year the Academy purchased printing services amounting to £1,945 (2016: £1,327), no amounts were due at the year end. The Academy made the purchase at arms' length and ensured the printing services were charged at cost, Christine Marchant had no influence over the decision to use her company. In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

VALLEY PRIMARY SCHOOL

NOTES TO THE ACCOUNTS (CONTINUED) *FOR THE YEAR ENDED 31 AUGUST 2017*

26 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.