

SEVERN VALE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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

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

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Sarah Cockin Susan Hawkins Jane Ireland Ian Pogue
Trustees	Jane Ireland, Chair of Trustees ^{1,3} Richard Johnson, Headteacher ^{1,2} Lorraine Adams ¹ Adrian Ayland ² Jo Bagworth (resigned 31 August 2020) ² Laura Berry (resigned 26 June 2020) ³ Daniel Clark ² Sarah Cockin ² Susan Hawkins ¹ Rev Peter Millward ³ Ian Pogue ¹ Robert Rankin ¹ Vania Seymour ³ Julie Williamson (resigned 15 October 2019) ³ Steve Wilson ¹ Jane McDonnell (resigned 24 September 2019) ²
	¹ Resources Committee ² Curriculum and Achievement Committee ³ Children, Families and Community Committee
Company registered number	07705465
Company name	Severn Vale School
Principal and registered office	School Lane Quedgeley Gloucester GL2 4PR
Senior management team	Richard Johnson, Headteacher Ben Wakeford, Deputy Head Kirsten Prescott, Deputy Head Stefan Horton, Deputy Head Mitchell Littlegray, Assistant Head Mark Nichols, Assistant Head Julia Atkinson, Business Manager Simon Ball, Data Officer Luke Brown, Head of KS3 Rob Spooner, Head of KS4
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 10 Temple Back Bristol BS1 6FL

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

**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Quedgeley, Gloucester. It has a pupil capacity of 1235 and had a roll of 1249 in the school census on October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated and opened as an Academy on 14th July 2011 is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Severn Vale School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Severn Vale School.

Details of the Trustees who served throughout the year, and to the date the accounts are approved are included in the Reference and Administration Details in this document.

Members' Liability

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

Trustees' Indemnities

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

Method of recruitment and appointment or election of Trustees

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

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

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

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

Policies and Procedures adopted for the Induction and Training of Trustees

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

Organisational Structure

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

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

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

The Senior Management Team of the Academy comprises the Headteacher, 3 Deputy Headteachers, 2 Assistant Headteachers and Business Manager. Junior members of the Management team are Head of KS3, Head of KS4 and Data Officer. The team controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. As a group the Management team are responsible for the day-to-day operation of the Academy, in particular organising the teaching staff, facilities and students. They are also responsible for authorisation of spending within agreed budgets and the appointment of staff.

The Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year other than staff Trustees who receive remuneration as employees and not for their roles as Trustees.

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

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

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Trade union facility time

Relevant union officials

Severn Vale School has 2 members of staff who are relevant union officials, FTE 1.9184. The amount of their time spent on facility time is negligible, estimated at 0% / 0 hours. The school has not, therefore spent any of the pay bill on facility time.

Trade union facility time is purchased through Gloucestershire County Council, through their traded service arrangement.

Related Parties and other Connected Charities and Organisations

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

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

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

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The main objectives of the Academy's Financial Plan during the year ended 31 August 2018 are summarised below:

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

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Objectives, Strategies and Activities

The Academy has continued to strive to improve levels of academic performance and has rigorous targets and monitoring strategies in place to achieve this. Proposed changes to behaviour and attendance systems will further ensure enhance pupils' learning.

The quality of teaching across the Academy is consistently good and, in a number of areas, is outstanding as evidenced by a variety of Quality Assurance (QA) activities and student outcomes. The majority of teachers are subject specialists and they are increasingly reflective in their practice. Enhancements to the way in which teachers are supported in professional development have provided teachers with more time and further opportunities to engage with evidence based, subject specific and pedagogical material, research and collaborative, cross curricular development. The impact of this is being seen in lesson observations which show teachers are planning lessons which more consistently deepen pupils' knowledge and understanding.

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

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

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

Public Benefit

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

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

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

The last "full inspection" of the academy took place in January 2011. It concluded that the Academy was a Good school with outstanding features. The inspectors awarded the following inspection grades:

TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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

The Academy had a section 8 inspection in February 2020. This visit confirmed that the school remained Good. The inspectors confirmed that the school's 'senior leaders and governors have an accurate understanding of the strength of the school and of what needs to be improved further to ensure that all teaching and learning are at the very high level you expect.'

Exam Results:

Results have been transformed in recent years. Historically the Academy did not have a positive reputation. In the 1990s only 11% of the students gained 5+ GCSEs (A* - C).

Year	% 5+ (A* - C) English / Maths
2011	55
2012	65
2013	67
2014	66
2015	65
2016	55
2017	66

Year	% 4+ English / Maths
2017	66
2018	64
2019	68
2020	xx

In 2020 no exams were taken by students as their grades were awarded via a combination of centre assessed grades and Ofqual algorithm calculated grades. No published data is being generated for this cohort's exams and no analysis can be used for quality assurance processes.

Key Performance Indicators

The number of students is a Key Performance Indicator for the Academy as the majority of funding received is based on student numbers. The Academy currently has an admission number of 265, equating to a 9 form entry. Sustaining that 9 form entry is a key task and the fact that Severn Vale is heavily oversubscribed reflects the transformation that the Academy has undergone in recent years. The reputation of the Academy has been significantly enhanced amongst the community. With effect from September 2018 the Academy increased its admission number from 235 to 265, to address the shortage of basic needs places in this area.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Going Concern

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

Impact of Covid

The impact of Covid restrictions has been very significant on the operation of the school. We remained open throughout the school closures and subsequent lockdown to accommodate children of key workers and vulnerable pupils. We provided virtual lessons through online systems throughout the pandemic, as well as providing paper-based learning for all of our Y10 pupils to help keep up with their exam schedule. Our Y10 pupils and SEN pupils were also welcomed into school for the final 6 weeks of the summer term so they were able to benefit from face-to-face learning with their teachers in all subject areas.

The biggest change going forward is the introduction of year group bubbles from September 2020, so that students only mix with those in their own year group. Each year group will be allocated to a specific group of rooms. In addition, each year group will have their own dedicated inside and outside spaces for break and lunch, a dedicated food servery for those buying food at school and a dedicated toilet block.

For almost all lessons students will stay within their allocated zones. However, some subjects will continue to take place in specialist rooms. Where lessons take place outside of their allocated zone, the students will be picked up by their class teacher and taken to the room. The lessons which will take place in specialist rooms are:

- Art, Design and Technology
- ICT/Computing
- Music
- PE

Staff will no longer have their own classrooms, and have to move around the school. To facilitate this, some lessons will have a short break in between them. Further modifications to the school day will include the introduction of staggered finishing times at the end of the school day.

Clear routines will be in place to support infection control, including:

- all staff, students and visitors are required to sanitise their hands and remove masks on arrival
- each classroom has a wall-mounted hand sanitiser dispenser at the door which all students and staff must use when entering a room
- sanitation equipment available in all rooms including tissues and disinfectant wipes
- increased frequency of cleaning, in particular the routine cleaning of frequently touched surfaces throughout the day, scheduled cleaning of rooms used by different bubbles (e.g. IT rooms, PE changing rooms) and deep cleaning of all spaces at the end of every school day
- the promotion of good hygiene through clear posters throughout the school
- maintaining good ventilation
- reduced mixing of by having year group bubbles

In preparation for these changes to the operation of the school, we have spent £27,402 in the 2019/20 year. These costs include FSM vouchers, sanitising products and equipment, markings for our school site, ties to identify the year group of each pupil and PPE for staff, pupils and visitors. We are a large secondary school with an extensive site so the amount of products and equipment needed are not insignificant and sometimes very difficult to source and therefore more expensive than usual.

Staff have worked throughout Easter and half-term holiday periods to enable the school to remain open, as well as through the summer holidays to ensure plans and preparations for year group bubbles were completed on time.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Working in bubbles will also have a significant impact on the finances of the 2020/21. As well as regular replenishment of sanitising products and PPE, and providing FSM vouchers for pupils who are required to self-isolate, three standout expenditure items include:

- the installation of significant additional covered areas to ensure we can maintain food provision in wet weather: cost: £20,000.
- an additional toilet block for the year will be another £20,000
- two full-time cleaners we have on site during the day to ensure toilets and changing rooms are cleaned every lesson add a similar amount.

All of these expenses, for both financial years, have to be paid for out of existing funds as we have a surplus amount in our budget. Having worked hard to build up that small surplus so the school can replace our minibuses with wheelchair accessible models and to replace a very well-worn sports pitch, we will now have to look at other options to fundraise for these essential items.

FINANCIAL REVIEW

The Academy's financial objectives are:

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

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 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 DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2020, the Academy received total income of £7,124,837 and incurred total expenditure of £7,454,348. The surplus of expenditure over income for the year was £329,511.

At 31 August 2020 the net book value of fixed assets was £11,983,349 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 01/08/2011 at £13,805,679. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share was transferred across on conversion and is shown as Unrestricted Funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Reserves Policy

The Trustees review the reserve levels of the Academy regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees aim to carry forward between 2% - 5% of the Academy's annual revenue funding to maintain the staffing structure and level of resources available for students' learning. The Academy's total reserves are £8,318,915, of which £12,047,720 is invested in fixed assets and a deficit of £4,154,000 represents the pension liability. The remaining reserves free reserves represents an under spend on GAG funding of £425,195.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management:

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

Financial and Risk Management Objectives and Policies:

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

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

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Government funding The Academy has considerable reliance on continued government funding through the ESFA. In the period under review over 95% of the Academy's recurring revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
2. Pupil Numbers There is significant housing growth in the local area which combined with the Academy's enhanced reputation, means that we are heavily oversubscribed on an annual basis. An annual review of staffing structures and cost is carried out, with adjustments made as necessary. All of the decisions affecting expenditure are made with due regard to Best Value. 'The four Cs' also inform all decision making:
 - Challenge:
Both the Academy and the Board of Trustees have been rigorous in challenging the standards of the delivery to secure continuous improvement. With the budget clearly linking to the Improvement Plan and SMART targets throughout, the emphasis on challenge and aspiration is maintained.
 - Compare:
The Improvement Plan is the product of wide-ranging bench-marking, with data being used to identify areas for improvement. That bench-marking, comparing the Academy with similar schools, both locally and nationally, is an exercise regularly repeated in the cycle of monitoring, evaluation and review
 - Consult:
The Improvement Plan is the product of widespread consultation with all stakeholders involved in the learning partnership. With Trustees, staff, students and parents involved, the notion of "ownership" has been directly addressed.
 - Compete:
The Academy ensures that goods and services are purchased subject to competitive quotes.
3. Maintain adequate funding of pension liabilities The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. Whilst this shows a large liability, the Trustees do not believe this poses any risk to the Academy as the pension scheme has many contributing members and is underwritten by the Government in the event that the Academy fails. The liability is therefore anticipated to reduce steadily.

FUNDRAISING

We work closely with our Friends Of Severn Vale (FOSV) group, who fundraise for Severn Vale School and help to fund additional curricular activities for our students such as a Shakespeare Schools Experience, pupil first aid training and items of equipment throughout the school.

We are looking to take the services of a fundraising consultant for larger grants and projects. We have not collaborated yet but are investigating possibilities.

As a school we participate in national and local fundraising campaigns such as Children in Need and Comic Relief and a local charity, Teen in Crisis.

Individual groups of students also hold in-house events such as cake sales and raffles to help toward their praise events.

Staff operate a subs scheme and tuck shop to contribute towards staff refreshments as well as individual gifts for staff when they leave or have significant celebrations.

We have a link with the national FareShare scheme where we are able to collect food with limited shelf-life to help run our breakfast club for vulnerable students.

**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Any complaints would be handled in line with our complaints procedure.

PLANS FOR FUTURE PERIODS

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

Given the very uncertain times the school is operating in during the academic year 2020-21 the school's main priority is to maintain our standards, expectations and caring philosophy under the most extraordinary circumstances.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

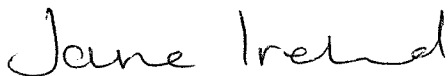
AUDITOR

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 15/12/20 and signed on the board's behalf by:



Jane Ireland
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Lorraine Adams	1	4
Adrian Ayland	2	4
Jo Bagworth	2	4
Laura Berry	2	3
Daniel Clark	2	4
Sarah Cockin	3	4
Susan Hawkins	4	4
Jane Ireland, Chair of Trustees	4	4
Richard Johnson, Headteacher	4	4
Jane McDonnell	0	1
Rev Peter Millward	4	4
Ian Pogue	3	4
Robert Rankin	3	4
Vania Seymour	3	4
Julie Williamson	1	1
Steve Wilson	2	4

The members of the Academy conducted a self-evaluation check at their Steering Committee meeting in July 2019. Targets were set for the forthcoming year.

The self-evaluation confirmed the need for an Audit Governor, who would take responsibility for monitoring the finance and accounting function in the school. The Audit Governor has been appointed and is a qualified and experienced Accounting Technician.

Now that finances are more favourable at Severn Vale and an Audit Governor has been recruited, the Audit Committee (a sub-committee of Resources Committee) has ceased. The function of the Audit Committee has been taken on by the Resources Committee, with particular guidance and assistance from the Audit Governor.

The self-evaluation also identified that currently there is no separation between Members and Trustees, all member are also Trustees. We are aware that the Financial Academies Handbook recommends that Members should not be Trustees, with the exception of the Chair, and that there should be five Members. This is a target to work towards in the coming year. Removing the current Members as Trustees all at once would result in a lack of expertise in key areas so the process will need to happen in stages. During the year we have approached ex Trustees with a view to them becoming Members, we have two people who have agreed to take on this role. We are also looking at our Articles of Association which may also need to be updated to enable this change to take place.

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to aid the main Board of Trustees in monitoring finance, premises and IT decisions.

During the year no trustees joined the committee. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Lorraine Adams	6	6
Susan Hawkins	5	6
Jane Ireland	5	6
Richard Johnson	6	6
Ian Pogue	6	6
Robert Rankin	6	6
Steve Wilson	5	6

REVIEW OF VALUE FOR MONEY

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

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

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

GOVERNANCE STATEMENT (CONTINUED)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Severn Vale School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the Resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (assets purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

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

Bishop Fleming completed additional checks during the year 2020, with scope of the work and the work programme agreed before the new standards came into force. Advantage was therefore taken advantage of the transitional arrangements to complete the assignment. The Trust has engaged Kreston Reeves to act as internal auditors from 2020/21 onwards.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included testing of payroll systems, purchase systems and control account/bank account reconciliations.

Three times each year, the external auditors report to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. This agreed schedule of checks was delivered and no material control issues were identified.

GOVERNANCE STATEMENT (CONTINUED)

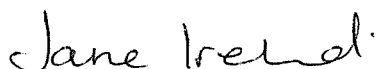
REVIEW OF EFFECTIVENESS

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

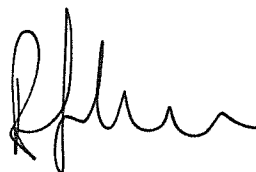
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on *15th December 2020* and signed on their behalf by:



Jane Ireland
Chair of Trustees



Richard Johnson
Accounting Officer

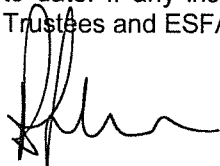
**SEVERN VALE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Severn Vale School I have considered my responsibility to notify the academy Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy Board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2019.

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



Richard Johnson
Accounting Officer

Date: 15-12-20

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Jane Ireland

Chair of Trustees

Date: 15th December 2020

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

OPINION

We have audited the financial statements of Severn Vale School (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 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's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

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



David Butler FCA DChA (Senior statutory auditor)

for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Date: 18/12/20

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SEVERN
VALE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Severn Vale School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Severn Vale School's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 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 2019 to 2020 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's income and expenditure.

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

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

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David Butler FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Date: 18/12/20

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants	4	7,066	4,667	24,604	36,337	94,673
Charitable activities	5	184,681	6,888,382	-	7,073,063	6,595,934
Other trading activities	6	14,517	-	-	14,517	17,848
Investments	7	920	-	-	920	281
TOTAL INCOME		207,184	6,893,049	24,604	7,124,837	6,708,736
EXPENDITURE ON:						
Charitable activities	8	194,901	6,930,349	329,098	7,454,348	6,988,798
TOTAL EXPENDITURE		194,901	6,930,349	329,098	7,454,348	6,988,798
NET INCOME/ (EXPENDITURE)		12,283	(37,300)	(304,494)	(329,511)	(280,062)
Transfers between funds	17	-	5,388	(5,388)	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		12,283	(31,912)	(309,882)	(329,511)	(280,062)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	23	-	(229,000)	-	(229,000)	(1,186,000)
NET MOVEMENT IN FUNDS		12,283	(260,912)	(309,882)	(558,511)	(1,466,062)
RECONCILIATION OF FUNDS:						
Total funds brought forward		8,815	(3,488,991)	12,357,602	8,877,426	10,343,488
Net movement in funds		12,283	(260,912)	(309,882)	(558,511)	(1,466,062)
TOTAL FUNDS CARRIED FORWARD		21,098	(3,749,903)	12,047,720	8,318,915	8,877,426

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 26 to 50 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	11,983,349	12,255,938
		<u>11,983,349</u>	<u>12,255,938</u>
CURRENT ASSETS			
Debtors	15	156,077	220,723
Cash at bank and in hand		763,527	350,901
		<u>919,604</u>	<u>571,624</u>
Creditors: amounts falling due within one year	16	(430,038)	(310,136)
		<u>489,566</u>	<u>261,488</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		12,472,915	12,517,426
Defined benefit pension scheme liability	23	(4,154,000)	(3,640,000)
TOTAL NET ASSETS		8,318,915	<u>8,877,426</u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	17	12,047,720	12,357,602
Restricted income funds	17	404,097	151,009
		<u>12,451,817</u>	<u>12,508,611</u>
Restricted funds excluding pension asset	17	12,451,817	12,508,611
Pension reserve	17	(4,154,000)	(3,640,000)
		<u>8,297,817</u>	<u>8,868,611</u>
Total restricted funds	17	8,297,817	8,868,611
Unrestricted income funds	17	21,098	8,815
		<u>8,318,915</u>	<u>8,877,426</u>
TOTAL FUNDS		8,318,915	<u>8,877,426</u>

The financial statements on pages 23 to 50 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

Jane Ireland

Jane Ireland
Chair of Trustees
Date: 15th December 2020

The notes on pages 26 to 50 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	19	443,611	258,782
CASH FLOWS FROM INVESTING ACTIVITIES	20	(30,985)	24,957
		<hr/>	<hr/>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		412,626	283,739
Cash and cash equivalents at the beginning of the year		350,901	67,162
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21, 22	<hr/> 763,527 <hr/>	<hr/> 350,901 <hr/>

The notes on pages 26 to 50 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

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.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Severn Vale School meets the definition of a public benefit entity under FRS 102.

2.2 GOING CONCERN

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (continued)

2.3 INCOME

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

• **Other income**

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

2.4 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 allocated on the portion of the asset's use.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. ACCOUNTING POLICIES (continued)

2.6 TAXATION

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.7 TANGIBLE FIXED ASSETS

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

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold land	- 125 years straight line
Long-term leasehold buildings	- 20 and 50 years straight line
Furniture and fixtures	- 10 years straight line
Computer equipment	- 3 years straight line

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.

2.8 DEBTORS

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

2.9 CASH AT BANK AND IN HAND

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

2. ACCOUNTING POLICIES (continued)

2.10 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 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.

2.11 OPERATING LEASES

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

2.12 PENSIONS

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. ACCOUNTING POLICIES (continued)

2.13 FUND ACCOUNTING

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

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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:

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

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**NOTES TO THE FINANCIAL STATEMENTS
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4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Restricted trip income	-	4,667	-	4,667	3,719
Donations	7,066	-	-	7,066	7,778
Capital Grants	-	-	24,604	24,604	83,176
	<u>7,066</u>	<u>4,667</u>	<u>24,604</u>	<u>36,337</u>	<u>94,673</u>
TOTAL 2019	<u><u>7,778</u></u>	<u><u>3,719</u></u>	<u><u>83,176</u></u>	<u><u>94,673</u></u>	

**SEVERN VALE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant	-	5,925,058	5,925,058	5,670,352
Other DfE/ESFA grants	-	687,047	687,047	402,207
	-	6,612,105	6,612,105	6,072,559
Other Government grants				
High Needs	-	122,710	122,710	109,286
Other government grants	-	153,567	153,567	159,077
	-	276,277	276,277	268,363
OTHER FUNDING				
Internal catering income	143,207	-	143,207	204,744
Income for hosting trainee teachers	-	-	-	9,826
Sales to students	20,178	-	20,178	24,765
Other funding	21,296	-	21,296	15,677
	184,681	-	184,681	255,012
TOTAL 2020	184,681	6,888,382	7,073,063	6,595,934
TOTAL 2019	255,012	6,340,922	6,595,934	

**SEVERN VALE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lettings	5,200	5,200	9,610
Consultancy	9,317	9,317	8,238
	<u>14,517</u>	<u>14,517</u>	<u>17,848</u>
TOTAL 2019	<u>17,848</u>	<u>17,848</u>	

All prior year amounts relate to unrestricted funds.

7. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	920	920	281
TOTAL 2019	<u>281</u>	<u>281</u>	

All prior year amounts relate to unrestricted funds.

8. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Education:					
Direct costs	5,030,660	295,835	440,196	5,766,691	5,304,736
Support costs	563,450	396,942	727,265	1,687,657	1,684,062
	<u>5,594,110</u>	<u>692,777</u>	<u>1,167,461</u>	<u>7,454,348</u>	<u>6,988,798</u>
TOTAL 2019	<u>5,151,637</u>	<u>833,987</u>	<u>1,003,174</u>	<u>6,988,798</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	5,766,691	1,687,657	7,454,348	6,988,798
TOTAL 2019	<u>5,304,736</u>	<u>1,684,062</u>	<u>6,988,798</u>	

Analysis of direct costs

	Total funds 2020 £	Total funds 2019 £
Pension finance costs	37,000	40,000
Staff costs	5,133,242	4,529,733
Depreciation	295,835	296,323
Educational supplies	197,384	196,814
Examination fees	88,907	112,771
Staff development	7,727	11,779
Trips and other costs	(12,822)	69,847
Agency teachers	19,418	47,469
	<u>5,766,691</u>	<u>5,304,736</u>

Analysis of support costs

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs (continued)

	Total funds 2020 £	Total funds 2019 £
Pension finance costs	30,000	25,000
Staff costs	659,450	574,435
Depreciation	33,263	37,578
Recruitment and support	13,099	10,910
Maintenance of premises and equipment	124,136	224,295
Cleaning	112,452	124,114
Rent and rates	40,106	54,382
Energy costs	86,985	97,674
Insurance	49,289	41,989
Catering	220,427	285,011
Technology costs	213,796	119,110
Office overheads	18,878	13,774
Legal and professional	71,170	60,332
Bank interest and charges	-	30
Governance	14,606	15,428
	<u><u>1,687,657</u></u>	<u><u>1,684,062</u></u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	35,703	32,487
Depreciation of tangible fixed assets	329,908	333,901
Fees paid to auditors for:		
- audit	9,325	9,065
- other services	2,825	4,015
	<u><u>9,325</u></u>	<u><u>9,065</u></u>
	<u><u>2,825</u></u>	<u><u>4,015</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	4,153,879	3,886,497
Social security costs	399,889	379,115
Pension costs	1,238,924	838,556
	<u>5,792,692</u>	<u>5,104,168</u>
Agency staff costs	19,418	47,469
	<u>5,812,110</u>	<u>5,151,637</u>

b. STAFF NUMBERS

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

	2020 No.	2019 No.
Teachers	71	76
Administration and Support	56	55
Management	9	7
	<u>136</u>	<u>138</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	63	68
Administration and Support	46	42
Management	9	7
	<u>118</u>	<u>117</u>

c. HIGHER PAID STAFF

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. STAFF (CONTINUED)

c. HIGHER PAID STAFF (CONTINUED)

	2020	2019
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	3	2
In the band £80,001 - £90,000	1	1
	=====	=====

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £842,731 (2019: £577,865).

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: Richard Johnson: Remuneration £85,000 - £90,000 (2019: £80,000 - £85,000), Employer's pension contributions £20,000 - £25,000 (2019: £10,000 - £15,000); Jane McDonnell: Remuneration £25,000 - £30,000 (2019: £25,000 - £30,000). Employer's pension contributions £5,000 - £10,000 (2019: £5,000 - £10,000); Julie Williamson: Remuneration £45,000 - £50,000 (2019: £45,000 - £50,000), Employer's pension contributions £10,000 - £15,000 (2019: £5,000 - £10,000); Jo Bagworth, Remuneration £30,000 - £35,000 (2019: £30,000 - £35,000), Employer's pension contributions £5,000 - £10,000 (2019: £5,000 - £10,000).

During the year, retirement benefits were accruing to 4 Trustees (2019 - 4) in respect of defined benefit pension schemes.

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £924 (2019 - £1,452). The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
COST OR VALUATION				
At 1 September 2019	14,071,473	348,431	503,023	14,922,927
Additions	-	30,112	26,397	56,509
Disposals	-	-	(7,862)	(7,862)
At 31 August 2020	<u>14,071,473</u>	<u>378,543</u>	<u>521,558</u>	<u>14,971,574</u>
DEPRECIATION				
At 1 September 2019	2,105,329	98,173	463,487	2,666,989
Charge for the year	258,097	36,393	34,608	329,098
On disposals	-	-	(7,862)	(7,862)
At 31 August 2020	<u>2,363,426</u>	<u>134,566</u>	<u>490,233</u>	<u>2,988,225</u>
NET BOOK VALUE				
At 31 August 2020	<u>11,708,047</u>	<u>243,977</u>	<u>31,325</u>	<u>11,983,349</u>
At 31 August 2019	<u>11,966,144</u>	<u>250,258</u>	<u>39,536</u>	<u>12,255,938</u>

15. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	135	2,385
Prepayments and accrued income	144,036	169,912
VAT recoverable	11,906	48,426
	<u>156,077</u>	<u>220,723</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	19,778	55,868
Other taxation and social security	96,142	92,788
Other creditors	124,203	4,831
Accruals and deferred income	189,915	156,649
	<u>430,038</u>	<u>310,136</u>
	<u>430,038</u>	<u>310,136</u>
	2020	2019
	£	£
Deferred income at 1 September 2019	147,584	89,377
Resources deferred during the year	160,971	147,584
Amounts released from previous periods	(147,584)	(89,377)
	<u>160,971</u>	<u>147,584</u>
	<u>160,971</u>	<u>147,584</u>

**SEVERN VALE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General Funds	8,815	207,184	(194,901)	-	-	21,098
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	144,221	5,925,058	(5,670,570)	5,388	-	404,097
High Needs	-	122,710	(122,710)	-	-	-
Rates Relief	-	36,096	(36,096)	-	-	-
Pupil Premium	-	301,049	(301,049)	-	-	-
Donations	-	4,667	(4,667)	-	-	-
Year 7 Catch Up	-	20,296	(20,296)	-	-	-
Teachers Pay Grant	-	85,120	(85,120)	-	-	-
Teachers Pension Grant	-	240,526	(240,526)	-	-	-
Growth Funding	-	123,912	(123,912)	-	-	-
Condition Improvement Fund	6,788	-	(6,788)	-	-	-
Other Restricted Funds	-	33,615	(33,615)	-	-	-
Pension reserve	(3,640,000)	-	(285,000)	-	(229,000)	(4,154,000)
	(3,488,991)	6,893,049	(6,930,349)	5,388	(229,000)	(3,749,903)

**SEVERN VALE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
RESTRICTED FIXED ASSET FUNDS						
Fixed Assets Transferred On Conversion	11,893,863	-	(254,367)	-	-	11,639,496
Fixed Assets Purchased From GAG	135,268	24,604	(19,833)	(5,388)	-	134,651
Fixed Assets Purchased From ESFA and LA Capital Grants	328,471	-	(54,898)	-	-	273,573
	<u>12,357,602</u>	<u>24,604</u>	<u>(329,098)</u>	<u>(5,388)</u>	<u>-</u>	<u>12,047,720</u>
TOTAL RESTRICTED FUNDS	<u>8,868,611</u>	<u>6,917,653</u>	<u>(7,259,447)</u>	<u>-</u>	<u>(229,000)</u>	<u>8,297,817</u>
TOTAL FUNDS	<u><u>8,877,426</u></u>	<u><u>7,124,837</u></u>	<u><u>(7,454,348)</u></u>	<u><u>-</u></u>	<u><u>(229,000)</u></u>	<u><u>8,318,915</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. STATEMENT OF FUNDS (CONTINUED)

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

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Rates relief - Funding received from the ESFA for the reimbursement of business rates costs.

Donations - Contributions towards the costs of educational trips.

Year 7 Catch Up - Funding to assist pupils who did not achieve at least level 4 in reading and/or mathematics at Key Stage 2.

Teachers Pay Grant - Funding received from the ESFA to support increased pay for all teachers.

Teachers Pension Grant - Funding received from the ESFA to support increased pension contributions for all teachers.

Growth Funding - Funding received from the ESFA to support the expansion of the school through increased pupil numbers.

Condition Improvement Fund - Funding received from the ESFA for direct expenditure to be used on building repairs and maintenance to the school.

Other restricted funds - funding from the ESFA and other government grants such as FSM supplementary funding and local authority pupil premium.

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

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the School from the Local Authority on conversion to an Academy

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

Fixed assets purchased from ESFA and LA capital grants represents amounts spent on fixed assets from capital grants received from the ESFA and LA.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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17. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS					
General Funds	-	280,919	(272,104)	-	8,815
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	(127,718)	5,670,352	(5,398,413)	-	144,221
High Needs	-	123,366	(123,366)	-	-
Rates Relief	-	35,532	(35,532)	-	-
Pupil Premium	-	313,479	(313,479)	-	-
Donations	-	3,719	(3,719)	-	-
Year 7 Catch Up	-	20,000	(20,000)	-	-
Teachers Pay Grant	-	54,148	(54,148)	-	-
Teachers Pension Grant	-	124,045	(124,045)	-	-
Growth Funding	139,879	-	(133,091)	-	6,788
Pension reserve	(2,277,000)	-	(177,000)	(1,186,000)	(3,640,000)
	<u>(2,264,839)</u>	<u>6,344,641</u>	<u>(6,382,793)</u>	<u>(1,186,000)</u>	<u>(3,488,991)</u>
RESTRICTED FIXED ASSET FUNDS					
Fixed Assets Transferred On Conversion	12,146,891	-	(253,028)	-	11,893,863
Fixed Assets Purchased From GAG	159,482	-	(24,214)	-	135,268
Fixed Assets Purchased From ESFA and LA Capital Grants	301,954	83,176	(56,659)	-	328,471
	<u>12,608,327</u>	<u>83,176</u>	<u>(333,901)</u>	<u>-</u>	<u>12,357,602</u>
TOTAL RESTRICTED FUNDS	<u>10,343,488</u>	<u>6,427,817</u>	<u>(6,716,694)</u>	<u>(1,186,000)</u>	<u>8,868,611</u>
TOTAL FUNDS	<u><u>10,343,488</u></u>	<u><u>6,708,736</u></u>	<u><u>(6,988,798)</u></u>	<u><u>(1,186,000)</u></u>	<u><u>8,877,426</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	11,983,349	11,983,349
Current assets	21,098	834,135	64,371	919,604
Creditors due within one year	-	(430,038)	-	(430,038)
Provisions for liabilities and charges	-	(4,154,000)	-	(4,154,000)
TOTAL	21,098	(3,749,903)	12,047,720	8,318,915

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	12,255,938	12,255,938
Current assets	8,815	461,145	101,664	571,624
Creditors due within one year	-	(310,136)	-	(310,136)
Provisions for liabilities and charges	-	(3,640,000)	-	(3,640,000)
TOTAL	8,815	(3,488,991)	12,357,602	8,877,426

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**NOTES TO THE FINANCIAL STATEMENTS
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19. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(329,511)	(280,062)
ADJUSTMENTS FOR:		
Depreciation	329,098	333,901
Capital grants from DfE and other capital income	(24,604)	(83,176)
Interest receivable	(920)	(281)
Defined benefit pension scheme cost less contributions payable	218,000	112,000
Defined benefit pension scheme finance cost	67,000	65,000
Decrease/(Increase) in debtors	64,646	201,741
(Decrease)/Increase in creditors	119,902	(90,341)
NET CASH PROVIDED BY OPERATING ACTIVITIES	443,611	258,782

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Interest received	920	281
Purchase of tangible fixed assets	(56,509)	(58,500)
Capital grants from DfE/ESFA/LA	24,604	83,176
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(30,985)	24,957

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	763,527	350,901
TOTAL CASH AND CASH EQUIVALENTS	763,527	350,901

**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	350,901	412,626	763,527
	<u>350,901</u>	<u>412,626</u>	<u>763,527</u>

23. PENSION COMMITMENTS

The academy'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 Gloucestershire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £83,843 were payable to the schemes at 31 August 2020 (2019: £Nil) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. PENSION COMMITMENTS (CONTINUED)

assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £724,322 (2019 - £446,983).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £357,000 (2019 - £320,000), of which employer's contributions totalled £297,000 (2019 - £264,000) and employees' contributions totalled £ 60,000 (2019 - £56,000). The agreed contribution rates for future years are 26.3 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.5	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.7	21.5
Females	23.9	23.7
<i>Retiring in 20 years</i>		
Males	22.4	22.3
Females	25.3	25.0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. PENSION COMMITMENTS (CONTINUED)

Sensitivity analysis

	2020 £000	2019 £000
Discount rate -0.5%	885	851
CPI rate +0.5%	811	736
Salary increase rate +0.5%	60	99

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

	2019 £	2018 £
Equities	2,256,000	1,980,000
Debt instruments	786,000	761,000
Property	273,000	244,000
Cash and other liquid assets	103,000	61,000
Total market value of assets	3,418,000	3,046,000

The actual return on scheme assets was £72,000 (2019 - £91,000).

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

	2020 £	2019 £
Current service cost	(515,000)	(365,000)
Past service cost	-	(11,000)
Interest income	58,000	77,000
Interest cost	(125,000)	(142,000)
Total	(582,000)	(441,000)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. PENSION COMMITMENTS (CONTINUED)

Changes in the present value of the defined benefit obligations were as follows:

	2020 £	2019 £
At 1 September	6,686,000	4,879,000
Current service cost	515,000	365,000
Interest cost	125,000	142,000
Employee contributions	60,000	56,000
Actuarial losses/(gains)	241,000	1,285,000
Benefits paid	(55,000)	(52,000)
Past service costs	-	11,000
At 31 August	7,572,000	6,686,000

Changes in the fair value of the academy's share of scheme assets were as follows:

	2020 £	2019 £
At 1 September	3,046,000	2,602,000
Interest income	58,000	77,000
Actuarial gains	12,000	99,000
Employer contributions	297,000	264,000
Employee contributions	60,000	56,000
Benefits paid	(55,000)	(52,000)
At 31 August	3,418,000	3,046,000

24. OPERATING LEASE COMMITMENTS

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	11,338	35,703
Later than 1 year and not later than 5 years	4,824	19,378
	16,162	55,081

25. MEMBERS' LIABILITY

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

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 12.