

**BIRCHWOOD HIGH SCHOOL  
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

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**BIRCHWOOD HIGH SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Members/Trustees**

Dr C Ingate, Principal  
Mr M Stocker, Chair, Community Governor  
Mr A Hazell, Community Governor  
Dr N Prior, Co-opted Community Governor  
Mrs J Stewart, Vice Chair, Community Governor (resigned 12 July 2017)  
Dr A Swanepoel, Parent Governor  
Mr A Sherriff, Parent Governor  
Mrs E White, Parent Governor  
Mrs S Gubb, Parent Governor  
Mr L Fello, Parent Governor (resigned 24 January 2017)  
Ms P Mead, Community Governor (resigned 30 November 2016)  
Mrs J Gallagher, Parent Governor  
Mr R Noblett, Teaching Staff Governor  
Ms G Flint, Teaching Staff Governor (resigned 7 March 2017)  
Ms C Gater, Community Governor  
Ms L Newland, Support Staff Governor  
Ms K Pritchard, Community Governor  
Mr J Smith, Community Governor  
Mr S White, Community Governor (resigned 25 January 2017)  
Mr J Winter, Community Governor  
Mr F Gray, Community Governor (appointed 15 November 2016)  
Mrs R Crowland, Parent Governor (appointed 7 March 2017)

**Company registered number** 07791971

**Company name** Birchwood High School

**Registered and principal office** Parsonage Lane  
Bishop's Stortford  
CM23 5BD

**Company Secretary** Mrs E Luxton

**Accounting Officer** Dr C Ingate

**Senior Leadership Team**

Dr C Ingate, Principal  
Mr C Gilbank, Deputy Principal  
Mr S Connor, Assistant Principal  
Mrs V Hill, Assistant Principal  
Mrs M Mulley, Assistant Principal  
Ms L Price, Assistant Principal  
Mrs A Garner, Assistant Principal (maternity cover)  
Mrs E Luxton, Business Manager  
Ms J White, Human Resources Manager

**Independent Auditors** Price Bailey LLP  
Chartered Accountants  
Statutory Auditors  
Causeway House  
1 Dane Street  
Bishop's Stortford  
CM23 3BT

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
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**Advisers (continued)**

**Bankers**

Lloyds TSB  
31 Fore Street  
Taunton  
Somerset  
TA1 1HN

**Solicitors**

Stone King LLP  
16 St. John's Lane  
London  
EC1M 4BS

**BIRCHWOOD HIGH SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their Annual Report together with the financial statements and Auditors' Report of Birchwood High School (the Academy, The Trust or the Charitable Company) for the period 1st September 2016 to 31st August 2017. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 11-19 serving the catchment area of Bishop's Stortford and surrounding villages. It has a pupil capacity of 1,500 (including 6th form) and a roll of 1336 in September 2017.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is also known as Birchwood High School (the School).

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section on page 1.

### **Member's liability**

In accordance with the Memorandum and Articles of Association all Trustees are Members of the Charitable Company.

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

### **Trustee and Officers' Indemnities**

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 is in place with Zurich Insurance PLC and provides cover up to £2,000,000 on any one claim and in the aggregate of any one period. The details of the costs are disclosed in note 10 to the accounts.

### **Method of recruitment and appointment or election of Trustees**

The arrangements are as set out in the Funding Agreement.

The Trustees are appointed for a fixed term. The Principal is an ex officio member of the Board of Trustees. Parent Governors and Staff Governors are elected to office or appointed if there are insufficient candidates offering themselves for election. Community Governors are appointed by the Board of Trustees. The Articles of Association make provision for 20 Trustees (between 2 and 6 Parents, 2 Teaching Staff, 1 Support Staff, between 6 and 10 Community Trustees and the Principal).

The Trustees can appoint up to 3 co-opted Trustees (co-opted Trustees cannot take part in co-opting other Trustees and employees cannot be co-opted if the total number of Staff Trustees would exceed one third of the total).

### **Policies and Procedures adopted for the induction and training of Trustees**

All Trustees sign the HMRC Fit and Proper Persons Declaration and are expected to adhere to the Committee on Standards in Public Life guidance "The 7 Principles of Public Life" also known as "The Nolan Principles". They are provided with a secure login to the Governance area of the School website where copies of all policy documents are available. It is recommended that all new Trustees attend induction training run by Hertfordshire County Council Governance Service within 6 months of appointment.

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme continued professional development led by School staff and links with a number of local training providers.

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Principal or Deputy Principal. All Trustees are provided with an induction pack plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Organisational**

The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Board of Trustees which meets on at least 5 occasions per year and the individual Committees are responsible for the strategic direction of the Academy. The Finance Committee meets at least 5 times per year; the Curriculum, Personnel and Estates Committees meet at least 3 times per year; the Audit Committee meets at least 2 times per year and the Pay Committee meets at least once per year. The Board of Trustees reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Principal with the School Improvement Partner, and reviews them. From September 2017 the Finance and Estates committees will be merged into a single Committee (the Finance and Estates Committee) that will meet at least 5 times per year.

The Principal is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Principal has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls (the Schedule of Financial Delegation) is in place to manage this process.

The Principal manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Principal and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Principal to manage certain aspects of the Academy.

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust i.e. The Senior Leadership Team included in the Reference and Administrative Details section on page 1.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, individual School Range (ISR), the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the Pay Committee and ratified by the Board of Trustees.

**Related Parties and Other Connected Charities and Organisations**

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

The Bishop's Stortford Educational Trust (BSET) - consists of all but one of the secondary state and independent schools in Bishop's Stortford and Sawbridgeworth with full support from all the local primary schools. Each member is an equal partner and BSET works collaboratively and altruistically, utilising the leadership skills of its members to ensure that all families have access to high quality education provision. The group is independently chaired to ensure that decisions are objective and representative of the views of all parties.

The Bishop's Stortford Football Club (BSFC) – collaborates with Birchwood High School to provide a Football Academy at the School. This scheme runs for two years offering players the opportunity of attending a full-time football training programme with opportunities to progress into the Bishop's Stortford first team and all players also attend a two-year Sports Science BTEC course at the School providing students with the opportunity to progress into degree studies at universities. The School purchases training and coaching from BSFC. A Trustee at the School is a non-salaried Director of BSFC.

The Bishop' Stortford Community Football Club (BSCFC) - promotes football for all ages and abilities within the local and wider community. BSCFC is acknowledged as the largest Club of this nature in the UK. BSCFC worked closely with Birchwood High School to co-fund a full-sized, floodlit, 3G training facility at the School. This is used on a daily basis by the School and then hired in the evening and weekends by the Club and wider community. A Trustee of the Academy is the Treasurer and Life President of BSCFC.

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**TRUSTEES' REPORT (continued)**  
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Herts for Learning (HfL) - The School purchases services from HfL which provides a wide range of school improvement and business support services to schools, academies and educational settings. HfL also has a contract with Hertfordshire County Council to deliver some of its statutory education functions. As a not for profit company, HfL constantly re-invests in the common good, by improving existing services, investing in new ones and contributing to relevant agendas that affect all schools, academies and settings. The School Principal is a trustee of HfL.

Hertfordshire Music Service (HMS) – hires the School's facilities and provides peripatetic music teachers for student lessons. A Trustee is employed by HMS and gives music tuition to students at the School.

Families Feeling Safe (FFS) – a Trustee is an employee of FFS and provides annual protective behaviours training to students at the School.

HertsCam – a charitable company aiming to improve teaching and learning in schools and so enhance the life chances of young people. The School works closely with HertsCam to provide teacher training opportunities. To advance education for the public benefit through the provision of programmes for teachers to improve the quality of education in schools. An Assistant Principal at the School until August 2017 was the Director of Education and the Principal is a Trustee.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

The principal objects and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

The Governing Body continues to set the School's strategic aims through the School Transformation Plan. These aims are monitored closely through the work of the Senior Leadership Team and the Board of Trustees Committees. The strategic intent of the School is to provide outstanding education and opportunities for all; to be a Great School.

### **Objectives, Strategies and Activities**

During the year the School has worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the Academy by keeping the curriculum and organisational structure under continual view;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- maintaining close links with industry and commerce; and
- conducting the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Birchwood High School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values by:

- valuing diversity and seeking to give everyone in the School an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination or prejudice,
- working together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit Birchwood High School;
- ensuring that students are happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at School;
- teaching them to be independent learners who are aware of how to learn and who understand the role of emotions and dispositions in the learning process, and who can draw on to these address challenge and difficulty, as well as success;
- ensuring that all staff have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers enthuse and inspire others to explore new ideas;
- working in partnership with parents to enable them to fulfil their roles as true partners, recognizing their role in the student - school – parent partnership with the aim that every child realises their potential; and
- working in closely with our Governing Body which contributes to the life of the School on a wider scale and acts as a critical friend to support the School in achieving our aim of becoming a centre of excellence.

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**TRUSTEES' REPORT (continued)**  
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At Birchwood we value our links with the wider community continue to maintain an International Ambassador Programme to consolidate our International links through a programme aimed at connecting Birchwood High School students and staff with our partners specifically in the developing nations of South Africa, Uganda and India. Through our connections we aim to enable students and staff from the partner schools to communicate, travel, meet and enrich each other's lives through cultural awareness and understanding.

Education at Birchwood is open to all young people from 11 to 19 in the Bishop's Stortford locality regardless of race, gender, religion, sexual orientation, social class and ability.

In accordance with Object 4b of our Articles of Association the Governing Body actively promotes the use of our facilities for the benefit of our local community as detailed in the Governing Body Lettings Policy.

### **Public Benefit**

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

### **STRATEGIC REPORT**

#### **Achievements and performance**

The Trust continued its mission to ensure that students achieved their potential in public examinations; to encourage a wide range of extra-curricular activities; to develop and retain suitable staff and to guide students in suitable progression when they leave the school.

Specific achievements were as follows:

In 2016-17, the school achieved its best GCSE results to date in terms of attainment with 73% of year 11 students achieved 5 or more A\*-C grades (or equivalent) at GCSE including English and Maths; this compares to the national figure of 64% so the school achieved 9% above national average with a broadly national average year group (Key Stage 2 was 28.4 v 28.5 national average). The most significant improvement was in Science where 75% achieved 2 or more A\*-C (national average 65%).

The DfE have changed the grading system for GCSEs in Maths and English for 2017, replacing a grading system with levels. 82% of our students achieved a Level 4 pass in both English and Maths (National Average 70%). A Level 4 is defined as a standard pass.

The gap between disadvantaged students and non-disadvantaged students reduced significantly in 2016-17. 51% of disadvantaged students achieved 5 or more A\*-C grades (or equivalent) at GCSE including English and Maths compared to a national disadvantaged average of 50%. In the previous year, only 34% achieved 5A\*-C EM.

At the current time, the DfE have not published Progress 8 coefficients so it is not possible to provide information regarding this.

A-Level students achieved 99.3% A\*-E grades with 51% A\*-B grades - well above national averages for state-funded Sixth Forms. In terms of Average Point Score, these were the best A-Level and Level 3 BTEC results in the School's history. The DfE awarded the average grade as C+ whereas in 2016 it was C-.

The numbers applying for places in Year 7 has stayed at a similar number to 2016 (810 applications) but the School saw a drop in actual numbers – from 230 in 2016 to 201 in 2015. The reasons for this include other local schools increasing their Pupil Admission Number (PAN), a drop in numbers in Year 6 and the impact of the recent RI Ofsted inspection. The school has engaged in a proactive marketing strategy for 2018 including a new prospectus.

In 2016-17 Birchwood continued to ensure that all students achieved their potential through public examinations. Students were encouraged to participate in a wide range of extra-curricular activities including public performances. Students were offered good pastoral care and careers guidance. There were no 'NEETs' (students not in education, employment or training) at the end of Year 13 and all Year 11 students who did not have places in the Sixth Form, went to Further Education Colleges to study suitable courses.

Student Attendance was at 95.6% compared to a national average of 94.6%

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As a school, we are fully staffed which is not an easy achievement with the current difficulties in recruitment. Staffing in Science is particularly strengthened this year with no temporary staff. Staff turn-over is closely monitored and has averaged 14 full time equivalent teachers per year over the last three years.

**Key Performance Indicators**

Performance against forecast

The School Transformation Plan (STP) aims to improve student outcomes through effective educational strategies and the efficient use of resources.

<b>KPI</b>	<b>2016-17 Target</b>	<b>2016-17 Actual</b>
<b>Student Attainment GCSE L2</b>		
% 5A*-C 9-4	80	79
% 5A*-C Incl. English and Maths	72	72
% 5A*-G	99	99
% 2+ A*-C Science	72	73

<b>KPI</b>	<b>2016-17 Target</b>	<b>2016-17 Actual</b>
<b>Student Attainment A Level L3</b>		
% 2A*-B	20	32
% 2A*-E	66	66
Target point score (TPS)	70	69.3
Average point score (APS)	31.3	32.1

<b>Student Attainment BTec L3</b>		
% 2Dist*- Dist	66	79
% 2Dist*- Pass	97	95
Target point score (TPS)	83	90
Average point score (APS)	37	40

Attendance and behavior have a significant impact upon student attainment so these are also tracked:

<b>KPI</b>	<b>2016-17 Target</b>	<b>2016-17 Actual</b>
<b>Student Attendance and behaviour</b>		
% overall attendance	>95	95.6
% persistent absence (over 10% school days missed)	-	8.9
% persistent absence (over 15% school days missed)	<6	4.1
% unauthorised absence	<0.9	0.9
On call maximum average per week	26	44
Fixed term exclusions (days per term)	30	17.5

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**TRUSTEES' REPORT (continued)**  
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**KPIs for 2017-18**

A new grading scale of 9 to 1 was used for English and Maths GCSEs in 2016-17, with 9 being the top grade and 1 being the lowest. 4 is classed as a Standard pass and 5 is classed as a Strong pass. From the 2018-19 academic year the 9 to 1 grading will be used for all GCSE subjects.

The following KPIs are being met or are above national average; Student attainment GCSE, Student Progress GCSE and Student Attainment A Level.

The key financial performance indicators:

Pupil numbers (on which the School's funding is based) – the School's Pupil Admission Number is 240 in each year group for years 7 to 11 giving a maximum of 1,200 students in key stages 3 and 4. The funded number for 2016-17 was 1172. The workable maximum number in the 6th form (Key stage 5 or years 12-13) is 300 and the aim is to maintain viability by recruiting a minimum of 200 students in key stage 5. The funded number of 6th form students in 2015-16 was 224.

Staff costs as a percentage of GAG income – The aim is to achieve staffing costs at 80% or less of GAG funding. In 2016-17 this metric was 82.95% due in part to the ongoing impact of the removal of the employer's national insurance rebate and the impact of the National Living Wage that began to affect support staff salaries in 2015. The Academy is hopeful that this figure can be reduced to 80% through efficiencies and natural staff wastage.

Catering and lettings profitability – Catering aims to break even with the income from the sale of meals to students and staff by matching the cost of staff, provisions, catering consumables plus kitchen repairs and maintenance to income generated. At the end of 2016-17 the department made a small surplus of £5715. Letting of the School facilities to the community aims to produce a net profit margin of 25%. In 2016-17 the net profit margin was 35% or £60,786.

Final outturn against projected budget outturn – the School aims to live within its means and balance in year income and expenditure. The final outturn for 2016-17 showed a surplus in the income and expenditure account of £27,878 before depreciation.

**Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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.

**FINANCIAL REVIEW**

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2017 the Trust received £8,221,767 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £8,861,344 and transferred £102,206 to support capital and improvement projects on the School site. The Academy brought forward from 2015-16, £Nil restricted funds and £1,373,079 unrestricted funding. The carry forward for 2016-17 is £Nil restricted funding and £1,400,957 unrestricted funding.

The Local Government Pension Scheme - the Academy is recognising an improved pension fund deficit of £1,485,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

**Reserves policy**

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,400,957. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £10,552,764.

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**TRUSTEES' REPORT (continued)**  
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The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,141,440. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £600,000 to cover short term cash flow variances.

**Investment policy**

An Investment Policy was last approved by the Board of Trustees in October 2015.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

**Principal risks and uncertainties**

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - Trustees continue to ensure the highest standards are maintained in areas of selection and monitoring of staff, operation of child protection policies and procedures, health & safety & discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed the Essex County Council Internal Controls Evaluation Service to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low;
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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**PLANS FOR FUTURE PERIODS**

Birchwood is ambitious in its intent. It sets KPIs for the top 20% of schools in England and Wales. Overall, 88% of lessons observed in 2016-17 were good or better. Current forecast data for year 11 indicates that 80% of students will achieve 5 or more A\*-C grades including English and Maths. Birchwood's cohorts very much reflect the National Average in terms of ability on intake at KS2. At Post 16, we expect A-Level students to achieve 100% A\*-E grades, 63% A\*-B grades and an Average Points Score per entry of 220 points. National averages are 97%, 44% and 214 points respectively.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

Birchwood High School employs a School Games Organiser as part of the government SGO initiative. To facilitate her outreach work in the Bishop's Stortford local community 20 primary schools each contribute to the Birchwood Sports Partnership, a working fund to cover the costs of training, resources, coaching, meetings and travel between schools. This restricted fund is held by Birchwood High School on their behalf. These funds are monitored under a discrete cost centre in the Academy's accounts and are reported annually to the partnership members by the School Games Organiser.

**PROVISION OF INFORMATION TO AUDITORS**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditors are unaware; and
- the Trustees have taken all the 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, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report incorporating a Strategic Report, was approved by the Board of Trustees on 29 November 2017 and signed on its behalf by:

**Mr M Stocker**  
**Chair**

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Birchwood High 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 Principal, 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 Birchwood High School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
Dr C Ingate	6	6
Mr M Stocker	5	6
Mr A Hazell	5	6
Dr N Prior	0	6
Mrs J Stewart	6	6
Dr A Swanepoel	5	6
Mr A Sherriff	6	6
Mrs E White	6	6
Mrs S Gubb	6	6
Mr L Fello	1	2
Ms P Mead	0	2
Mrs J Gallagher	5	6
Mr R Noblett	6	6
Ms G Flint	3	3
Ms C Gater	4	6
Ms L Newland	5	6
Ms K Pritchard	2	6
Mr J Smith	5	6
Mr S White	1	2
Mr J Winter	4	6
Mr F Gray	2	3
Mrs R Crowland	3	3

One staff Trustee, 3 community Trustees and 1 parent Trustee resigned for personal reasons. One parent Trustee's term of office ended and she was re-elected by parents for a further term. One parent Trustee was elected by parents and One community Trustee was appointed by the Board. At 31 August 2017 the Board of Trustees had vacancies for 3 community Trustees and 1 staff Trustee.

The most significant challenge faced by the Board of Trustees was an Ofsted inspection in May 2017. Although the Academy has made progress since the previous inspection in 2015 Leaders have not yet brought about sustained improvements in the achievement of pupils. The Ofsted report states "Governance, although improving, does not challenge leaders rigorously enough about the progress of different groups of pupils, or across subjects". Academy leaders are confident that the work started after the previous Ofsted judgment in 2015 will lead to significant improvements in time for the next inspection due by the summer of 2019.

Trustees carry out an informal self-evaluation every time there is a vacancy on the Board of Trustees in order to ensure the required competencies are targeted.

The last appointments to the Board of Trustees have backgrounds in child psychology, regulation and compliance and teaching, thus ensuring providing robust challenge of School leaders by the Board.

A self-evaluation of Governance will be carried out during the 2017-18 academic year in accordance with section 1.5.17 of the Academies Financial Handbook 2017.

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**Finance Committee:**

The Finance Committee is a sub-committee of the Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

During the year three committee members resigned for personal reasons. A new committee member was appointed by the Board but as this left the committee with only four members including the Principal a decision was made to merge the Finance and Estates Committees into a single entity in 2017-18 to make it easier to achieve a quorum and to allow the financial aspects of capital and site works to be considered.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr C Ingate, Headteacher (ex officio)	3	6
Mr M Stocker (Chair)	2	6
Mr L Ffello (resigned 24/01/17)	1	2
Ms G Flint (resigned 07/03/17)	3	3
Mr A Sherriff	6	6
Mr J Smith	1	1
Mr S White (resigned 25/01/17)	0	1

**Audit Committee:**

The Audit Committee reviews the actions and judgements of management, in relation to the Academy's financial statements, operation, financial review and risk management.

The committee is composed of the Chairs of the other Governing Body committees. Minor changes occur periodically if the committee chairs change. During 2017 the committee changed the way the risk register is monitored; the SLT review the register on a termly basis and this is in turn reviewed by the Audit Committee a least twice per year. The Audit Committee also reviews the termly reports by the Internal Controls Evaluation Service and challenges the School on its responses to ensure compliance with the Academies Financial Handbook.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Sherriff, Chair	2	2
Mr M Stocker	0	2
Mr A Hazell	2	2
Mr E White	2	2
Mr J Smith	2	2
Mrs S Gubb	1	2

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Principal 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 has delivered improved value for money during the year by:

Instigating and participating in tender exercises for:

- Gas supplies through a joint procurement exercise with other local schools resulting in a projected annual saving for the Academy of £6,000;
- science lab replacement (as part of a rolling programme);
- surface replacement and drainage works for the all-weather pitch (formal tender exercise);
- modular boiler installation for C block;
- HR and Payroll Services (formal tender exercise); and
- contract cleaning review – resulting in a decision to bring cleaning in house to ensure better control and efficiencies.

The Academy collaborates informally with local schools and is a founder member of the Bishop's Stortford Educational Trust (BSET) a partnership consisting of all but one of the secondary state and independent schools in Bishop's Stortford and Sawbridgeworth with full support from all the local primary schools. BSET works collaboratively and altruistically sharing leadership and knowledge for the benefit of local families.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Birchwood High School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of 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 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of 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 Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific Internal Audit function and has decided to appoint Essex County Council's Internal Controls Evaluation Service (ICES) as Internal Auditor.

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

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

- governance (financial management, financial reporting, financial accounting);
- payroll;
- banking;
- income;
- expenditure; and
- assets.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor provided a schedule of works tailored to meet the requirements of the Academies Financial Handbook 2016. The schedule was reviewed and approved by the Audit Committee.

The reports of the Internal Auditor and the Academy's responses and actions are considered by the Audit Committee. Minor recommendations for strengthening internal controls have been made and acted upon. During the period the Internal Auditor reported that the declaration forms for the Governors register of business interests had not been returned in a timely manner thus delaying the publication of an up to date list of business interests on the School website. The Internal Auditor also reported that the Trust did not have a robust enough procedure for recognising connected party transactions and reporting them to the Governing Body. Both these issues have been remedied for the 2017-18 financial year.

**REVIEW OF EFFECTIVENESS**

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

- the work of the Internal Control Evaluation Service;
- 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 Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 29 November 2017 and signed on their behalf, by:

**Mr M Stocker**  
**Chair**

**Dr C Ingate**  
**Accounting Officer**

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Birchwood High School I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016A

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.

**Dr C Ingate**  
**Accounting Officer**

Date: 29 November 2017

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who also act as the Governors of Birchwood High School and as the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 the Board of Trustees on 29 November 2017 and signed on its behalf by:

**Mr M Stocker**  
**Chair**

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
BIRCHWOOD HIGH SCHOOL**

**OPINION**

We have audited the financial statements of Birchwood High School (the "Academy Trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

The 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 Auditor's Report thereon. Our opinion on the financial statements does not cover the 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.

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
BIRCHWOOD HIGH SCHOOL**

**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, (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report and the Directors' 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 not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Charitable Company 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

Gary Miller (Senior Statutory Auditor)  
for and on behalf of **Price Bailey LLP**  
Chartered Accountants and Statutory Auditors  
Causeway House, 1 Dane Street  
Bishop's Stortford  
CM23 3BT  
18 December 2017

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BIRCHWOOD HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Birchwood High School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF BIRCHWOOD HIGH SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

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

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

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BIRCHWOOD  
HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

18 December 2017

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	9,937	262,292	29,560	301,789	764,474
Charitable activities	3	372,581	7,310,638	-	7,683,219	7,358,582
Other trading activities	4	233,512	-	-	233,512	240,795
Investments	5	3,247	-	-	3,247	5,775
<b>TOTAL INCOME</b>		<b>619,277</b>	<b>7,572,930</b>	<b>29,560</b>	<b>8,221,767</b>	<b>8,369,626</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		591,399	7,671,724	598,221	8,861,344	9,036,658
<b>TOTAL EXPENDITURE</b>	6	<b>591,399</b>	<b>7,671,724</b>	<b>598,221</b>	<b>8,861,344</b>	<b>9,036,658</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>27,878</b>	<b>(98,794)</b>	<b>(568,661)</b>	<b>(639,577)</b>	<b>(667,032)</b>
Transfers between funds	16	-	(102,206)	102,206	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>27,878</b>	<b>(201,000)</b>	<b>(466,455)</b>	<b>(639,577)</b>	<b>(667,032)</b>
Actuarial gains/(losses) on defined benefit pension schemes	21	-	1,419,000	-	1,419,000	(1,045,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>27,878</b>	<b>1,218,000</b>	<b>(466,455)</b>	<b>779,423</b>	<b>(1,712,032)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,373,079	(2,703,000)	10,959,262	9,629,341	11,341,373
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,400,957</b>	<b>(1,485,000)</b>	<b>10,492,807</b>	<b>10,408,764</b>	<b>9,629,341</b>

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07791971**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		10,492,807		10,948,378
<b>CURRENT ASSETS</b>					
Debtors	13	221,380		329,159	
Cash at bank and in hand	19	2,141,440		2,292,065	
		<u>2,362,820</u>		<u>2,621,224</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(911,863)		(1,162,261)	
<b>NET CURRENT ASSETS</b>			<u>1,450,957</u>		<u>1,458,963</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,943,764</u>		<u>12,407,341</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		(50,000)		(75,000)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>11,893,764</u>		<u>12,332,341</u>
Defined benefit pension scheme liability	21		(1,485,000)		(2,703,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>10,408,764</u></u>		<u><u>9,629,341</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds excluding pension liability			10,492,807	10,959,262	
Pension reserve			(1,485,000)	(2,703,000)	
Total restricted income funds			<u>9,007,807</u>	<u>8,256,262</u>	
Unrestricted income funds	16		<u>1,400,957</u>	<u>1,373,079</u>	
<b>TOTAL FUNDS</b>			<u><u>10,408,764</u></u>	<u><u>9,629,341</u></u>	

The financial statements on pages 21 to 42 were approved by the Trustees, and authorised for issue, on 29 November 2017 and are signed on their behalf, by:

**Mr M Stocker**  
**Chair**

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	(10,568)	486,387
<b>Returns on investments and servicing of finance and interest</b>			
Interest received		2,593	4,732
Capital expenditure		(142,650)	(162,485)
<b>Net cash used in investing activities</b>		<b>(140,057)</b>	<b>(157,753)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(150,625)</b>	<b>328,634</b>
Cash and cash equivalents brought forward		2,292,065	1,963,431
<b>Cash and cash equivalents carried forward</b>		<b>2,141,440</b>	<b>2,292,065</b>

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Birchwood High School constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is Pounds Sterling.

**1.2 Company status**

The Academy is a company limited by guarantee. Members are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Academy's registered office is Parsonage Lane, Bishop's Stortford, CM23 5BD.

**1.3 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

**BIRCHWOOD HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

**1.5 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.

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

Where an expense is deemed to be for business purposes i.e. not in relation to the Academy's charitable purpose, the expenditure this relates to will include irrecoverable VAT.

**1.6 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	23 years straight line, 30 years straight line for additions
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	5 - 15 years straight line
Computer equipment	-	4 - 10 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 incorporating Income and Expenditure Account.

**1.8 Operating leases**

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

**1.9 Taxation**

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

**1.10 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.11 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.12 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.14 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.15 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Donations	9,937	262,292	-	272,229	286,854
Capital grants	-	-	29,560	29,560	477,620
	<u>9,937</u>	<u>262,292</u>	<u>29,560</u>	<u>301,789</u>	<u>764,474</u>
<i>Total 2016</i>	<u><u>8,080</u></u>	<u><u>278,774</u></u>	<u><u>477,620</u></u>	<u><u>764,474</u></u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	7,003,319	7,003,319	6,762,666
Other DfE / ESFA grants	-	263,100	263,100	235,557
	-	7,266,419	7,266,419	6,998,223
<b>Other government grants</b>				
Local Authority grants	-	44,219	44,219	29,237
	-	44,219	44,219	29,237
<b>Other funding</b>				
Catering Income	372,581	-	372,581	331,122
	372,581	-	372,581	331,122
	372,581	7,310,638	7,683,219	7,358,582
<i>Total 2016</i>	331,122	7,027,460	7,358,582	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
Hire of facilities	165,359	165,359	162,578
Rental income	1,794	1,794	2,152
Music fees	25,368	25,368	25,520
Other income	40,991	40,991	50,545
	233,512	233,512	240,795
<i>Total 2016</i>	240,795	240,795	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	2,593	2,593	4,732
Investment income - foreign cash	654	654	1,043
	<u>3,247</u>	<u>3,247</u>	<u>5,775</u>
<i>Total 2016</i>	<u>5,775</u>	<u>5,775</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of Education:					
Direct costs	5,176,631	-	705,082	5,881,713	5,997,351
Support costs	1,300,803	1,081,776	597,052	2,979,631	3,039,307
	<u>6,477,434</u>	<u>1,081,776</u>	<u>1,302,134</u>	<u>8,861,344</u>	<u>9,036,658</u>
<i>Total 2016</i>	<u>6,082,521</u>	<u>1,598,441</u>	<u>1,355,696</u>	<u>9,036,658</u>	

**7. CHARITABLE ACTIVITIES**

	2017 £	2016 £
Direct costs	5,881,713	5,997,351
Support costs	2,979,631	3,039,307
	<u>8,861,344</u>	<u>9,036,658</u>

	2017 £	2016 £
Analysis of support costs		
Support staff costs	1,300,803	857,841
Depreciation	598,221	588,902
Technology costs	52,203	63,672
Premises costs (excluding depreciation)	483,555	1,009,539
Other support costs	522,782	498,112
Governance costs	22,067	21,241
	<u>2,979,631</u>	<u>3,039,307</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the Academy	598,221	588,902
Auditors' remuneration - audit	6,750	6,700
Auditors' remuneration - other services	4,200	2,650
Internal audit costs	1,492	1,400
Operating lease rentals	25,705	28,071
	<u>                    </u>	<u>                    </u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,760,519	4,670,860
Social security costs	461,832	387,263
Operating costs of defined benefit pension schemes	983,536	856,510
	<u>6,205,887</u>	<u>5,914,633</u>
Apprenticeship levy	3,913	-
Supply staff costs	234,479	167,888
Staff restructuring costs	33,155	-
	<u><u>6,477,434</u></u>	<u><u>6,082,521</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u>33,155</u>	<u>-</u>
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The average number of persons employed by the Academy during the year was as follows:

	2017 No.	2016 No.
Teachers	88	91
Administration & support	82	78
Management	8	7
	<u>178</u>	<u>176</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	2	2
In the band £ 70,001 - £ 80,000	1	1
In the band £100,001 - £110,000	1	1

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 received by key management personnel for their services to the Academy was £801,764 (2016 - £759,325).

Employer pension contributions included within key management personnel remuneration was £106,479 (2016 - £106,054)

Employer national insurance contributions included within key management personnel remuneration was £72,954 (2016 - £63,154)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

C Ingate

Remuneration £100,000-£110,000 (2016: £100,000 - £110,000)  
Employer's pension contributions paid £15,000-£20,000 (2016: £15,000-£20,000)

D Brown

Remuneration £NIL (2016: £5,000-£10,000)  
Employer's pension contributions paid £NIL (2016: £0-£5,000)

R Noblett

Remuneration £30,000-£35,000 (2016: £30,000-£35,000)  
Employer's pension contributions paid £5,000-£10,000 (2016: £5,000-£10,000)

L Newland

Remuneration £15,000-£20,000 (2016: £10,000 - £15,000)  
Employer's pension contributions paid £0 - £5,000 (2016: £0 - £5,000)

G Flint

Remuneration £20,000 - £25,000 (2016 - £25,000 - £30,000)  
Employer's pension contributions paid £0 - £5,000 (2016: 0 - £5,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £NIL (2016: £49) were reimbursed or paid directly to trustees (2016: one trustee).

Other related party transactions involving the Trustees are set out in note 23.

**11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practise 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 £2,000,000 and details of the costs are included in insurance costs.

**BIRCHWOOD HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	12,245,686	23,800	925,473	522,638	13,717,597
Additions	38,857	-	39,339	64,454	142,650
Disposals	-	-	-	(6,260)	(6,260)
At 31 August 2017	<u>12,284,543</u>	<u>23,800</u>	<u>964,812</u>	<u>580,832</u>	<u>13,853,987</u>
<b>Depreciation</b>					
At 1 September 2016	2,044,522	4,626	391,020	329,051	2,769,219
Charge for the year	424,846	2,500	110,726	60,149	598,221
On disposals	-	-	-	(6,260)	(6,260)
At 31 August 2017	<u>2,469,368</u>	<u>7,126</u>	<u>501,746</u>	<u>382,940</u>	<u>3,361,180</u>
<b>Net book value</b>					
At 31 August 2017	<u>9,815,175</u>	<u>16,674</u>	<u>463,066</u>	<u>197,892</u>	<u>10,492,807</u>
At 31 August 2016	<u>10,201,164</u>	<u>19,174</u>	<u>534,453</u>	<u>193,587</u>	<u>10,948,378</u>

Included in freehold property is freehold land at cost of £2,102,376 which is not depreciated.

**13. DEBTORS**

	2017 £	2016 £
Trade debtors	34,843	18,456
VAT recoverable	54,055	38,611
Other debtors	4,290	334
Prepayments and accrued income	128,192	271,758
	<u>221,380</u>	<u>329,159</u>

**14. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	351,622	191,808
Other taxation and social security	119,518	111,752
Other creditors	133,194	106,717
Accruals and deferred income	307,529	751,984
	<u>911,863</u>	<u>1,162,261</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. CREDITORS: Amounts falling due within one year (continued)**

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	169,876	131,870
Resources deferred during the year	168,021	169,876
Amounts released from previous years	(169,876)	(131,870)
	168,021	169,876
Deferred income at 31 August 2017	168,021	169,876

Resources deferred at the period end mainly relate to ESFA grants and future educational visits.

**15. CREDITORS: Amounts falling due after more than one year**

	2017 £	2016 £
Other creditors	50,000	75,000

**16. STATEMENT OF FUNDS**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
Unrestricted funds	1,373,079	619,277	(591,399)	-	-	1,400,957
	1,373,079	619,277	(591,399)	-	-	1,400,957
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	7,003,319	(6,901,113)	(102,206)	-	-
Other DfE/ESFA grants	-	263,100	(263,100)	-	-	-
Other Government grants	-	44,219	(44,219)	-	-	-
Restricted donations	-	42,012	(42,012)	-	-	-
Educational visits	-	220,280	(220,280)	-	-	-
Pension reserve	(2,703,000)	-	(201,000)	-	1,419,000	(1,485,000)
	(2,703,000)	7,572,930	(7,671,724)	(102,206)	1,419,000	(1,485,000)
	(2,703,000)	7,572,930	(7,671,724)	(102,206)	1,419,000	(1,485,000)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Assets	10,959,262	-	(598,221)	131,766	-	10,492,807
Devolved Formula Capital	-	29,560	-	(29,560)	-	-
	10,959,262	29,560	(598,221)	102,206	-	10,492,807
Total restricted funds	8,256,262	7,602,490	(8,269,945)	-	1,419,000	9,007,807
Total of funds	9,629,341	8,221,767	(8,861,344)	-	1,419,000	10,408,764

**BIRCHWOOD HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**16. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
Unrestricted funds	1,380,765	603,066	(610,752)	-	-	1,373,079
	<u>1,380,765</u>	<u>603,066</u>	<u>(610,752)</u>	<u>-</u>	<u>-</u>	<u>1,373,079</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	141,881	6,762,666	(6,770,553)	(133,994)	-	-
Other DfE/ESFA grants	6,849	202,422	(209,271)	-	-	-
Other Government grants	-	62,372	(62,372)	-	-	-
Educational visits	-	261,480	(261,480)	-	-	-
Pension reserve	(1,575,000)	-	(83,000)	-	(1,045,000)	(2,703,000)
	<u>(1,426,270)</u>	<u>7,288,940</u>	<u>(7,386,676)</u>	<u>(133,994)</u>	<u>(1,045,000)</u>	<u>(2,703,000)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Assets	11,386,878	-	(590,101)	162,485	-	10,959,262
Devolved Formula Capital	-	28,491	-	(28,491)	-	-
Conditional Improvement Fund	-	449,129	(449,129)	-	-	-
	<u>11,386,878</u>	<u>477,620</u>	<u>(1,039,230)</u>	<u>133,994</u>	<u>-</u>	<u>10,959,262</u>
Total restricted funds	<u>9,960,608</u>	<u>7,766,560</u>	<u>(8,425,906)</u>	<u>-</u>	<u>(1,045,000)</u>	<u>8,256,262</u>
Total of funds	<u><u>11,341,373</u></u>	<u><u>8,369,626</u></u>	<u><u>(9,036,658)</u></u>	<u><u>-</u></u>	<u><u>(1,045,000)</u></u>	<u><u>9,629,341</u></u>

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

**Other government grants**

These represent various grants from local and national government bodies for the provision of specific services to pupil of the Academy.

**Other DfE/ESFA grants**

Other DfE/ESFA grants relate to the restricted income received from both the Department for Education and the Education and Skills Funding Agency to assist with the costs of the Academy in relation to specific activities.

**Educational visits**

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running these trips.

**Restricted donations**

This represents donations received by the Academy which have restrictions on what they can be used for applied to them.

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**16. STATEMENT OF FUNDS (continued)**

**Pension reserve**

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

**Restricted fixed assets**

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

**Devolved Formula Capital (DFC)**

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

**Condition Improvement Fund (CIF)**

This represents funding received from the ESFA towards the improvement of the windows and roof.

**General Annual Grant (GAG)**

This represents funding from the ESFA to cover the costs of recurrent expenditure.

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,492,807	10,492,807
Current assets	1,400,957	961,863	-	2,362,820
Creditors due within one year	-	(911,863)	-	(911,863)
Creditors due in more than one year	-	(50,000)	-	(50,000)
Provisions for liabilities and charges	-	(1,485,000)	-	(1,485,000)
	<u>1,400,957</u>	<u>(1,485,000)</u>	<u>10,492,807</u>	<u>10,408,764</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	10,948,378	10,948,378
Current assets	1,373,079	1,237,261	10,884	2,621,224
Creditors due within one year	-	(1,162,261)	-	(1,162,261)
Creditors due in more than one year	-	(75,000)	-	(75,000)
Provisions for liabilities and charges	-	(2,703,000)	-	(2,703,000)
	<u>1,373,079</u>	<u>(2,703,000)</u>	<u>10,959,262</u>	<u>9,629,341</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(639,577)	(667,032)
<b>Adjustment for:</b>		
Depreciation charges	598,221	588,902
Interest received	(2,593)	-
Dividends, interest and rents from investments	-	(4,732)
Loss on the sale of fixed assets	-	3,081
Decrease/(increase) in debtors	107,779	(135,092)
(Decrease)/increase in creditors	(275,398)	618,260
Pension adjustment	201,000	83,000
	(10,568)	486,387
<b>Net cash (used in)/provided by operating activities</b>	<b>(10,568)</b>	<b>486,387</b>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	2,141,440	2,292,065
Total	2,141,440	2,292,065

**20. MEMBERS' LIABILITY**

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

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**21. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £105,720 were payable to the schemes at 31 August 2017 (2016 - 102,973) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £551,670 (2016 - £562,209).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is a 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.

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**21. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £357,000 (2016 - £334,000), of which employer's contributions totalled £284,000 (2016 - £266,000) and employees' contributions totalled £73,000 (2016 - £68,000). The agreed contribution rates for future years are 27.7% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

<b>Sensitivity analysis</b>	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	4,749,000	5,239,000
Discount rate -0.1%	4,963,000	5,475,000
Mortality assumption - 1 year increase	4,895,000	5,571,000
Mortality assumption - 1 year decrease	4,817,000	5,143,000
CPI rate +0.1%	4,943,000	5,453,000
CPI rate -0.1%	4,769,000	5,261,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,191,150	1,672,020
Bonds	842,750	743,120
Corporate bonds	-	-
Property	235,970	185,780
Cash and other liquid assets	101,130	53,080
<b>Total market value of assets</b>	<b>3,371,000</b>	<b>2,659,000</b>

The actual return on scheme assets was £461,000 (2016 - £344,000).

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**21. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(430,000)	(291,000)
Interest income	56,000	81,000
Interest cost	(111,000)	(139,000)
	<u>                    </u>	<u>                    </u>
Total	<u><u>(485,000)</u></u>	<u><u>(349,000)</u></u>

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

	2017 £	2016 £
Opening defined benefit obligation	5,357,000	3,625,000
Current service cost	430,000	291,000
Interest cost	111,000	139,000
Employee contributions	73,000	68,000
Actuarial (gains)/losses	(1,014,000)	1,308,000
Benefits paid	(101,000)	(74,000)
	<u>                    </u>	<u>                    </u>
Closing defined benefit obligation	<u><u>4,856,000</u></u>	<u><u>5,357,000</u></u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,654,000	2,050,000
Expected return on assets	-	81,000
Interest income	56,000	-
Actuarial gains	405,000	263,000
Employer contributions	284,000	266,000
Employee contributions	73,000	68,000
Benefits paid	(101,000)	(74,000)
	<u>                    </u>	<u>                    </u>
Closing fair value of scheme assets	<u><u>3,371,000</u></u>	<u><u>2,580,000</u></u>

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	25,196	20,552
Between 1 and 5 years	32,583	41,522
	<u>                    </u>	<u>                    </u>
Total	<u><u>57,779</u></u>	<u><u>62,074</u></u>

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**23. RELATED PARTY TRANSACTIONS**

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The spouses of the Accounting Officer and Mr S White are both employed by the academy on contracts approved by Trustees whose remuneration is in line with the standard pay scales for the role undertaken and their employment contracts are subject to normal terms and conditions.

The Accounting Officer is a Trustee of Herts Cam. During the year ended 31 August 2017 income totalling £413 (2016 - £5,079) was received for use of the Trust's staff. Purchases totalling £7,775 (2016 - £1,080) were paid for teacher development training. As at 31 August 2017 an amount of £413 was due from Herts Cam (2016 - £Nil).

The Accounting Officer is also a regional representative of ASCL Professional Development Ltd. During the year ended 31 August 2017 income totalling £212 (2016 - £Nil) was received for expenses the Accounting Officer incurred in relation to his work for that company. Purchases totalling £1,554 (2016 - £Nil) were made for the cost of conferences attended. As at 31 August 2017 an amount of £Nil (2016 - £Nil) was due to that company.

Alan Hazell, a Trustee, is a Director of Bishop's Stortford Community Football Club. During the year ended 31 August 2017, income totaling £32,036 (2016 - £41,293) was received from Bishop's Stortford Community Football Club for the use of the Academy's facilities. As at 31 August 2017 an amount of £2,954 (2016 - £Nil) remained outstanding from the football club.

Alan Hazell, is also a Director of Bishop's Stortford Football Club. During the year ended 31 August 2017, purchases totalling £30,021 (2016 - £28,959) were paid to Bishop's Stortford Football Club for provision of football coaches. As at 31 August 2017 an amount of £5,004 (2016: £2,160) was due to the football club.

There were no other related party transactions in the year.

**24. 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.