

BIRCHWOOD HIGH SCHOOL

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

CONTENTS

| | Page |
|---|---------|
| Reference and Administrative Details | 1 - 2 |
| Trustees' Report | 3 - 10 |
| Governance Statement | 11 - 14 |
| Statement on Regularity, Propriety and Compliance | 15 |
| Statement of Trustees' Responsibilities | 16 |
| Independent Auditors' Report on the Financial Statements | 17 - 18 |
| Independent Reporting Accountant's Assurance Report on Regularity | 19 - 20 |
| Statement of Financial Activities Incorporating Income and Expenditure Account | 21 |
| Balance Sheet | 22 |
| Statement of Cash Flows | 23 |
| Notes to the Financial Statements | 24 - 39 |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | |
|--|--|
| Members/Trustees | Dr C Ingate, Principal (ex officio) Mr M Stocker, Chair, Community Governor Mrs E Field, Community Governor (Vice Chair) (resigned 8 September 2015) Mr D Brown, Support Staff Governor (resigned 3 February 2016) Mr B Cotton, Community Governor (resigned 25 May 2016) Mr A Hazell, Community Governor Mrs K Marshall, Community Governor (resigned 17 December 2015) Mr D Nicholas, Community Governor (resigned 6 January 2016) Dr N Prior, Community Governor Mrs J Stewart, Vice Chair, Community Governor Dr A Swanepoel, Parent Governor Mr C Woodward, Community Governor (resigned 3 February 2016) Mr A Sherriff, Parent Governor Mrs E White, Parent Governor Mrs S Gubb, Parent Governor Mr L Fieello, Parent Governor Ms P Mead, Community Governor Mrs J Gallagher, Parent Governor Mr R Noblett, Teaching Staff Governor Ms G Flint (appointed 3 February 2016) Ms C Gater (appointed 14 July 2016) Ms L Newland (appointed 25 January 2016) Mr R Newman (resigned 3 February 2016) Ms K Pritchard (appointed 5 February 2016) Mr J Smith (appointed 5 February 2016) Mr S White (appointed 14 July 2016) Mr J Winter (appointed 5 July 2016) |
| 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 |
| Chief Executive 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 |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

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
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

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 2015 to 31st August 2016. 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 1,413 in September 2016.

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 Academy Trust.

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 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.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational Structure

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 meets 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.

The Principal is the designated Accounting Officer of the Academy 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 Trust is the Treasurer and Life President of BSCFC.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Herts for Learning - a provider of school improvement services. Its main business comes through trading a wide range of school improvement and business support services to schools, academies and educational settings. The company also has a contract with Hertfordshire County Council (HCC) 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 purchases services from HfL of which the School Principal is a Director.

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 is 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.

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.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 2015-16 60% of year 11 students achieved 5 or more A*-C grades at GCSE including English and Maths; this compares to the national figure of 54% so the school achieved 6% above national average with a broadly national average year group (Key Stage 2 (KS2) 27.7 Average Point Score).
- The DfE have moved to a system of measuring progress from KS2 to GCSE as a measure of school effectiveness. In 2015-16, 79% of GCSE students made 3 or more levels of progress in English (National Average = 69%) and 75% made 3 or more levels of progress in Maths (National Average = 65%). Birchwood was therefore 10% above national average in English and 10% above in Maths.
- The gap between disadvantaged students and non-disadvantaged students reduced significantly in 2015-16. 34% of disadvantaged students achieved 5 or more A*-C grades at GCSE including English and Maths compared to a national disadvantaged average of 35%. 57% of disadvantaged GCSE students made 3 or more levels of progress in English (in 2014-15 it was 50%) and 58% made 3 or more levels of progress in Maths (in 2014-15 it was 50%).
- In 2015-16, A-Level students achieved 99.9% A*-E grades with 57% A*-B grades - well above national averages for state-funded Sixth Forms. This compares to 99.7% A*-E grades with 60% A*-B grades in 2014-15.
- The numbers applying for places in Year 7 has steadily increased from 690 in 2012 to 930 for 240 places in 2015. In September 2016 234 students enrolled in year 7 and the Sixth Form has stabilised at around 250 students. With this in mind the school needs to make strategic decisions about whether to look for further expansion or consolidation.
- In 2015-16 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 95.3% compared to a national average of 94.6%
- As a school, we remain fully staffed which is not an easy achievement with the current difficulties in recruitment. Staff turn-over is closely monitored and has averaged 11 full time equivalent teachers per year over the last three years.

Key Performance Indicators

KPIs - performance against forecast

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

| KPI | 2015-16 Target | 2015-16 Actual |
|---------------------------------|--------------------------------|----------------|
| | Student Attainment GCSE | |
| % 5A*-C | 78 | 64 |
| % 5A*-C Incl. English and Maths | 70 | 60 |
| % 5A*-G | 98 | 97 |
| % 2+ A*-C Science | 70 | 63 |
| Average point score (APS) | 40.66 | 40.15 |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Student Progress GCSE

| | | |
|--|----|----|
| Expected progress in Maths | 83 | 75 |
| More than expected progress in Maths | 45 | 39 |
| Expected progress in English | 78 | 79 |
| More than expected progress in English | 40 | 30 |

| KPI | 2015-16 Target | 2015-16 Actual |
|----------------------------|----------------|----------------|
| Student Attainment A Level | | |
| % 2A*-B | 40 | 31 |
| % 2A*-E | 77 | 83 |
| Target point score (TPS) | 557 | 502 |
| Average point score (APS) | 226 | 211 |

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

| KPI | 2015-16 Target | 2015-16 Actual |
|--|----------------|----------------|
| Student Attendance and behaviour | | |
| % overall attendance | >95 | 95.3 |
| % persistent absence (over 10% school days missed) | - | 12.5 |
| % persistent absence (over 15% school days missed) | <6 | 5.5 |
| % unauthorised absence | <0.9 | 0.99 |
| On call maximum average per week | 26 | 45.5 |
| Fixed term exclusions (days per term) | 30 | 34.2 |

KPIs for 2016-17

New GCSEs in English language, English literature and Maths were introduced in September 2015 and the first GCSE results from the new qualifications will be issued in August 2017. GCSEs will no longer be graded A* to G, a new grading scale of 9 to 1 will be used, with 9 being the top grade, to allow for greater differentiation between pupils' attainment.

| KPI | 2016-17 Target |
|--|------------------|
| Student Attainment GCSE | |
| % achieving 5+ English and Maths | |
| % achieving 5+ English | Meeting or Above |
| % achieving 5+ Maths | |
| % achieving 5+ English and Maths (Disadvantaged) | |
| % achieving 5+ English (Disadvantaged) | National Average |
| % achieving 5+ Maths (Disadvantaged) | |

Student Progress GCSE

| | |
|----------------------------------|------------------|
| Progress English | |
| Progress Maths | |
| Progress English (Disadvantaged) | |
| Progress Maths (Disadvantaged) | |
| Progress 8 | |
| All | |
| Boys | Meeting or Above |
| Girls | |
| High | |
| Middle | |
| Low | National Average |
| SEND High | |
| SEND Middle | |
| SEND Low | |
| Disadvantaged High | |
| Disadvantaged Middle | |
| Disadvantaged Low | |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Student Attainment A Level

| | |
|---------------------------|------------------|
| %3 A Levels or Equivalent | |
| %3 A Levels or Equivalent | Meeting or Above |
| % AAB or Equivalent | |
| Target point score (TPS) | National Average |
| Average point score (APS) | |

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 2015-16 was 1172. The workable maximum number in the 6th form (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 268.
- Staff costs as a percentage of GAG income – The aim is to achieve staffing costs at 80% or less of GAG funding. In 2015-16 this metric was 82.34% 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 2015-16 the department made a small surplus of £8,225 after absorbing the cost of providing free school meals. Letting of the School facilities to the community aims to produce a net profit margin of 25%. In 2015-16 the net profit margin was 25% or £39,571.
- 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 2015-16 showed a surplus in the income and expenditure account of £4,870 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 Funding agency (EFA). For the year ended 31 August 2016 the Trust received £7,505,080 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 £9,036,658 and transferred £133,994 to support capital new build and improvement projects on the School site. The Academy brought forward from 2014-15, £148,730 restricted funds and £1,380,765 unrestricted funding. The carry forward for 2015-16 is £NIL restricted funding and £1,373,079 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £2,703,000. 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 £1,373,079. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016 was £1,373,079.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,292,065. 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 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 EFA, 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 EFA 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; and
- 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.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS

Birchwood is ambitious in its intent. It sets KPIs for the top 20% of schools in England and Wales. Overall, 92% of lessons observed in 2015-16 were good or better. Current forecast data for year 11 indicates that 72% 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 was approved by the Board of Trustees, on 30 November 2016 and signed on its behalf by:

Mr M Stocker
Chair

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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 5 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 | 5 | 5 |
| Mr M Stocker | 3 | 5 |
| Mrs E Field | 0 | 0 |
| Mr D Brown | 1 | 3 |
| Mr B Cotton | 2 | 3 |
| Mr A Hazell | 3 | 5 |
| Mrs K Marshall | 1 | 3 |
| Mr D Nicholas | 1 | 3 |
| Dr N Prior | 1 | 5 |
| Mrs J Stewart | 4 | 5 |
| Dr A Swanepoel | 3 | 5 |
| Mr C Woodward | 3 | 3 |
| Mr A Sherriff | 4 | 5 |
| Mrs E White | 5 | 5 |
| Mrs S Gubb | 5 | 5 |
| Mr L Fiello | 4 | 5 |
| Ms P Mead | 3 | 5 |
| Mrs J Gallagher | 5 | 5 |
| Mr R Noblett | 5 | 5 |
| Ms G Flint | 2 | 2 |
| Ms C Gater | 0 | 0 |
| Ms L Newland | 2 | 2 |
| Mr R Newman | 3 | 3 |
| Ms K Pritchard | 1 | 2 |
| Mr J Smith | 1 | 1 |
| Mr S White | 0 | 0 |
| Mr J Winter | 0 | 0 |

Governance reviews:

During the year the term of office of several Trustees came to an end and there were resignations for personal reasons. Elections for Staff Trustees were held and a recruitment programme through local advertising and direct approaches resulted in the appointment of 3 staff and 5 Community Trustees to compliment the Board's skills matrix. There is currently a vacancy for one Community Trustee.

The School has made good progress since the last OFSTED inspection in its endeavour to be judged as a good school at its next Section 5 inspection due during the next 18 months.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Following recommendations in the OFSTED report In November 2015 the Board appointed Hertfordshire County Council to undertake a full review of Governance. As a result significant Trustee training for the full Board of Trustees has taken place; the School's HR Manager has taken on CPD co-ordination for Trustees; link Trustee positions have been created for training, safeguarding, SEN, H&S, disadvantaged students, data, english, maths and science; Trustee visits to the school have increased; a professional clerk to the Board of Trustees and an employed minute taker for the Committees have been in place since September 2015. An easily accessible library of useful documents is being created on the governorship area of the Academy's website; a full forward planner for Trustees' meetings will be in place for 2016-17 and the number of Trustee and Committee meetings will be increased.

The Board of Trustees is regularly updated on the progress of the School's Post OFSTED Action Plan and during his Section 8 monitoring visit in January 2016 the HMI stated that "Senior Leaders and Trustees are taking effective action to tackle the areas requiring improvement identified at the recent section 5 inspection in order to become a good Academy".

Finance Committee:

The Finance Committee is a sub-committee of the main 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 the Chair of the Finance Committee resigned from the Board of Trustees for personal reasons and a new Chair was appointed by a unanimous vote of the Committee. The term of office of a Staff Trustee committee member came to an end and another Staff Trustee was appointed. With only 4 remaining members the Committee was not quorate for one meeting due to absence, but a newly appointed Community Trustee with financial expertise joined the Committee to bring the membership back to 5. The School Principal now attends all Finance Committee meetings as does the School Business Manager.

The Committee met 5 times during 2015-16 and in addition to regularly reviewing budget monitoring, purchasing and tendering it has robustly challenged the School on purchasing procedures, Pupil Premium expenditure, gifts and hospitality, bad debts, the format of hirings and catering accounts.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| Mrs K Marshall | 0 | 2 |
| Mr M Stocker | 4 | 5 |
| Mr L Ffello | 4 | 5 |
| Mr A Sherriff, Chair | 5 | 5 |
| Mr R Newman | 2 | 2 |
| Ms G Flint | 3 | 3 |
| Mr J Smith | 0 | 1 |
| Dr C Ingate, Headteacher (ex officio) | 2 | 2 |

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's proposed review of the risk register is currently underway and a simplified version that will allow proper and robust oversight of potential risks the School may face will be completed and presented to the full Board of Trustees during the autumn term.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| Mr A Sherriff, Chair | 3 | 3 |
| Mr M Stocker | 2 | 3 |
| Mr A Hazell | 1 | 3 |
| Mrs K Marshall | 0 | 1 |
| Mr D Nicholas | 1 | 1 |
| Mr J Smith | 1 | 1 |
| Mrs J Stewart | 0 | 3 |
| 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 for the Academy has delivered improved value for money during the year by:

- During 2015-16 instigating and participating in tender exercises for:
 - insurance services benchmarked against the Risk Pooling Arrangement – Zurich Insurance services appointed;
 - electricity supplies;
 - biometric cashless catering;
 - multi-functional devices;
 - telephone services; and
 - science lab replacement (as part of a rolling programme).
- During 2016-17 a formal tender will take place for HR and Payroll Services and replacement of the all-weather pitch surface. The Academy will also investigate replacing its current cleaning contract with an in house service.
- During 2015-16 the Academy successfully bid for Conditions Improvement Funding and was awarded a grant of £448,238 and an Education Funding Agency loan of £75,000 for asbestos removal and replacement windows. £30,000 of the Academy reserves will also be contributed to this project.
- The School 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 2015 to 31 August 2016 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 2015 to 31 August 2016 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; and
- identification and management of risks.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

ICES visits the School termly and the checks in the current period were carried out in accordance with the requirements of the Academies Financial Handbook 2015 and included:

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

The reports 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 but no material controls issues have been reported.

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; and
- 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 30 November 2016

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 Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the 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 2015.

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

Dr C Ingate
Accounting Officer

Date: 30 November 2016

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as Governors of Birchwood High School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2015 to 2016;
- 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 the EFA/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 30 November 2016 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**

We have audited the financial statements of Birchwood High School for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our Report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
CM23 3BT
14 December 2016

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 11 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Birchwood High School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Birchwood High School and the EFA 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 EFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Birchwood High School and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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; and
- 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 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 2015 to 31 August 2016 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

14 December 2016

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | As restated Total funds 2015 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|--|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 8,080 | 261,480 | 477,620 | 747,180 | 240,842 |
| Charitable activities | 3 | 331,122 | 7,027,460 | - | 7,358,582 | 7,173,874 |
| Other trading activities | 4 | 258,089 | - | - | 258,089 | 255,848 |
| Investments | | 5,775 | - | - | 5,775 | 5,891 |
| TOTAL INCOME | | 603,066 | 7,288,940 | 477,620 | 8,369,626 | 7,676,455 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 610,752 | 7,386,676 | 1,039,230 | 9,036,658 | 8,218,178 |
| TOTAL EXPENDITURE | 5 | 610,752 | 7,386,676 | 1,039,230 | 9,036,658 | 8,218,178 |
| NET EXPENDITURE BEFORE TRANSFERS | | | | | | |
| Transfers between funds | 15 | (7,686) | (97,736) | (561,610) | (667,032) | (541,723) |
| | | - | (133,994) | 133,994 | - | - |
| NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | (7,686) | (231,730) | (427,616) | (667,032) | (541,723) |
| Actuarial losses on defined benefit pension schemes | 20 | - | (1,045,000) | - | (1,045,000) | (14,000) |
| NET MOVEMENT IN FUNDS | | (7,686) | (1,276,730) | (427,616) | (1,712,032) | (555,723) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 1,380,765 | (1,426,270) | 11,386,878 | 11,341,373 | 11,897,096 |
| TOTAL FUNDS CARRIED FORWARD | | 1,373,079 | (2,703,000) | 10,959,262 | 9,629,341 | 11,341,373 |

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

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | £ | As restated 2015 £ |
|--|------|-------------------|-------------------------|-------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | | 10,948,378 | | 11,377,876 |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 329,159 | | 194,067 | |
| Cash at bank and in hand | | 2,292,065 | | 1,963,431 | |
| | | <u>2,621,224</u> | | <u>2,157,498</u> | |
| CREDITORS: amounts falling due within one year | 13 | (1,162,261) | | (619,001) | |
| NET CURRENT ASSETS | | | <u>1,458,963</u> | | <u>1,538,497</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>12,407,341</u> | | <u>12,916,373</u> |
| CREDITORS: amounts falling due after more than one year | 14 | | (75,000) | | - |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | <u>12,332,341</u> | | <u>12,916,373</u> |
| Defined benefit pension scheme liability | 20 | | (2,703,000) | | (1,575,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>9,629,341</u></u> | | <u><u>11,341,373</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 15 | - | | 148,730 | |
| Restricted fixed asset funds | 15 | 10,959,262 | | 11,386,878 | |
| | | <u>10,959,262</u> | | <u>11,535,608</u> | |
| Restricted income funds excluding pension liability | | 10,959,262 | | 11,535,608 | |
| Pension reserve | | (2,703,000) | | (1,575,000) | |
| | | <u>8,256,262</u> | | <u>9,960,608</u> | |
| Total restricted income funds | | | <u>8,256,262</u> | | <u>9,960,608</u> |
| Unrestricted income funds | 15 | | 1,373,079 | | 1,380,765 |
| | | | <u>1,373,079</u> | | <u>1,380,765</u> |
| TOTAL FUNDS | | | <u><u>9,629,341</u></u> | | <u><u>11,341,373</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 30 November 2016 and are signed on their behalf, by:

Mr M Stocker
Chair

The notes on pages 24 to 39 form part of these financial statements.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £ | As restated 2015 £ |
|---|------|-------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 17 | 486,387 | 413,660 |
| Returns on investments and servicing of finance and interest | | | |
| Dividends, interest and rents from investments | | 4,732 | 5,891 |
| Capital expenditure | | (162,485) | (207,977) |
| Net cash used in investing activities | | <u>(157,753)</u> | <u>(202,086)</u> |
| Change in cash and cash equivalents in the year | | | |
| Cash and cash equivalents brought forward | | 328,634 | 211,574 |
| | | 1,963,431 | 1,751,857 |
| Cash and cash equivalents carried forward | | <u><u>2,292,065</u></u> | <u><u>1,963,431</u></u> |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 Company status

The Academy is a company limited by guarantee. Those Members who are Trustees 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 of the Academy.

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.

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 there is certainty of receipt 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.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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.

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

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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 |

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 Interest receivable

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 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.

1.12 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.

1.13 Liabilities and provisions

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

1.14 Pensions

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

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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Agency Arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statements of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 22.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|----------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 8,080 | 261,480 | - | 269,560 | 228,125 |
| Capital grants | - | - | 477,620 | 477,620 | 12,718 |
| | <u>8,080</u> | <u>261,480</u> | <u>477,620</u> | <u>747,180</u> | <u>240,842</u> |

In 2015, of the total income from donations and capital grants, £4,296 was to unrestricted funds and £236,546 was to restricted funds

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | As restated Total funds 2015 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|--|
| DfE/EFA grants | | | | |
| General Annual Grant (GAG) | - | 6,762,666 | 6,762,666 | 6,616,392 |
| Other DfE / EFA grants | - | 235,557 | 235,557 | 223,110 |
| | - <hr/> | 6,998,223 <hr/> | 6,998,223 <hr/> | 6,839,502 <hr/> |
| Other government grants | | | | |
| Local authority grants | - | 29,237 | 29,237 | 30,611 |
| | - <hr/> | 29,237 <hr/> | 29,237 <hr/> | 30,611 <hr/> |
| Other funding | | | | |
| Catering Income | 331,122 | - | 331,122 | 303,761 |
| | 331,122 <hr/> | - <hr/> | 331,122 <hr/> | 303,761 <hr/> |
| | 331,122 <hr/> <hr/> | 7,027,460 <hr/> <hr/> | 7,358,582 <hr/> <hr/> | 7,173,874 <hr/> <hr/> |

In 2015, of the total income from charitable activities, £6,882,830 was to unrestricted funds and £ NIL was to restricted funds.

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | As restated Total funds 2015 £ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|--|
| Hire of facilities | 162,578 | - | 162,578 | 142,087 |
| Rental income | 2,152 | - | 2,152 | 2,152 |
| Music fees | 25,520 | - | 25,520 | 21,229 |
| Other income | 67,839 | - | 67,839 | 90,380 |
| | 258,089 <hr/> | - <hr/> | 258,089 <hr/> | 255,848 <hr/> |
| | 258,089 <hr/> <hr/> | - <hr/> <hr/> | 258,089 <hr/> <hr/> | 255,848 <hr/> <hr/> |

In 2015, of the total income from other trading activities, £255,848 was to unrestricted funds and £ NIL was to restricted funds.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | As restated Total 2015 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|-----------------------------------|
| Provision of Education: | | | | | |
| Direct costs | 5,224,680 | - | 772,671 | 5,997,351 | 5,746,868 |
| Support costs | 857,841 | 1,598,441 | 583,025 | 3,039,307 | 2,471,310 |
| | <u>6,082,521</u> | <u>1,598,441</u> | <u>1,355,696</u> | <u>9,036,658</u> | <u>8,218,178</u> |

In 2016, of the total expenditure, £610,752 (2015 - £455,448) was to unrestricted funds, £7,386,676 (2015 - £7,189,287) was to restricted funds and £1,039,230 (2015 - £573,443) was to restricted fixed asset funds.

6. CHARITABLE ACTIVITIES

| | 2016 £ | 2015 £ |
|---------------|------------------|------------------|
| Direct costs | 5,997,351 | 5,746,868 |
| Support costs | 3,039,307 | 2,471,310 |
| | <u>9,036,658</u> | <u>8,218,178</u> |
| Total | <u>9,036,658</u> | <u>8,218,178</u> |

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Analysis of support costs | | |
| Support staff costs | 857,841 | 858,741 |
| Depreciation | 588,902 | 585,868 |
| Technology costs | 63,672 | 71,669 |
| Premises costs (excluding depreciation) | 1,009,539 | 452,128 |
| Other support costs | 498,112 | 482,151 |
| Governance costs | 21,241 | 20,753 |
| | <u>3,039,307</u> | <u>2,471,310</u> |
| Total | <u>3,039,307</u> | <u>2,471,310</u> |

7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 £ | As restated 2015 £ |
|---|---------------|--------------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the Academy Trust | 588,902 | 585,868 |
| Auditors' remuneration - audit | 6,700 | 6,700 |
| Auditors' remuneration - other services | 2,650 | 3,915 |
| Internal audit costs | 1,400 | 1,430 |
| Operating lease rentals | 28,071 | 24,301 |
| | <u>28,071</u> | <u>24,301</u> |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 4,670,860 | 4,594,790 |
| Social security costs | 387,263 | 338,951 |
| Operating costs of defined benefit pension schemes | 856,510 | 748,163 |
| | <u>5,914,633</u> | <u>5,681,904</u> |
| Supply teacher costs | 167,888 | 189,000 |
| | <u>6,082,521</u> | <u>5,870,904</u> |

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

| | 2016 No. | 2015 No. |
|--------------------------|-------------|-------------|
| Teachers | 91 | 91 |
| Administration & support | 78 | 76 |
| Management | 7 | 7 |
| | <u>176</u> | <u>174</u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 2 | 1 |
| In the band £ 70,001 - £ 80,000 | 1 | 2 |
| In the band £100,001 - £110,000 | 1 | 1 |

The key management personnel of the Academy Trust comprise the Trustess 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 Trust was £696,125 (2015 - £712,940).

Included in the above are employer pension contributions of £106,054 (2015 - £98,771).

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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 (2015: £100,000-£110,000)
Employer's pension contributions paid £15,000-£20,000 (2015: £10,000-£15,000)

D Brown

Remuneration £5,000-£10,000 (2015: £15,000-£20,000)
Employer's pension contributions paid £0-£5,000 (2015: £5,000-£10,000)

R Newman

Remuneration £15,000-£20,000 (2015: £35,000-£40,000)
Employer's pension contributions paid £0-£5,000 (2015: £5,000-£10,000)

P Winter

Remuneration £NIL (2015: £5,000-£10,000)
Employer's pension contributions paid £NIL (2015: £0-£5,000)

R Noble

Remuneration £30,000-£35,000 (2015: £25,000-£30,000)
Employer's pension contributions paid £5,000-£10,000 (2015: £0-£5,000)

L Newland

Remuneration £10,000-£15,000 (2015: £NIL)
Employer's pension contributions paid £0-£5,000 (2015: £NIL)

During the period ended 31 August 2016, travel and subsistence expenses totalling £49 (2015: £96) were reimbursed or paid directly to one trustee (2015: one trustee).

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

10. 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
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. TANGIBLE FIXED ASSETS

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|------------------------|-------------------------------|----------------------------|-------------------|
| Cost | | | | | |
| At 1 September 2015 | 12,231,460 | 23,800 | 830,096 | 503,387 | 13,588,743 |
| Additions | 14,226 | - | 95,377 | 52,882 | 162,485 |
| Disposals | - | - | - | (33,631) | (33,631) |
| At 31 August 2016 | <u>12,245,686</u> | <u>23,800</u> | <u>925,473</u> | <u>522,638</u> | <u>13,717,597</u> |
| Depreciation | | | | | |
| At 1 September 2015 | 1,619,961 | 2,126 | 287,754 | 301,026 | 2,210,867 |
| Charge for the year | 424,561 | 2,500 | 103,266 | 58,575 | 588,902 |
| On disposals | - | - | - | (30,550) | (30,550) |
| At 31 August 2016 | <u>2,044,522</u> | <u>4,626</u> | <u>391,020</u> | <u>329,051</u> | <u>2,769,219</u> |
| Net book value | | | | | |
| 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> |
| At 31 August 2015 | <u>10,611,499</u> | <u>21,674</u> | <u>542,342</u> | <u>202,361</u> | <u>11,377,876</u> |

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

12. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 18,456 | 14,645 |
| VAT recoverable | - | 35,379 |
| Other debtors | 38,945 | 3,329 |
| Prepayments and accrued income | 271,758 | 140,714 |
| | <u>329,159</u> | <u>194,067</u> |

13. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|----------------|
| Trade creditors | 191,808 | 192,621 |
| Other taxation and social security | 111,752 | 94,475 |
| Other creditors | 106,717 | 94,474 |
| Accruals and deferred income | 751,984 | 237,431 |
| | <u>1,162,261</u> | <u>619,001</u> |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. CREDITORS: Amounts falling due within one year (continued)

| | 2016 £ | 2015 £ |
|--------------------------------------|-----------|-----------|
| Deferred income | | |
| Deferred income at 1 September 2015 | 131,870 | 113,541 |
| Resources deferred during the year | 169,876 | 131,870 |
| Amounts released from previous years | (131,870) | (113,541) |
| | 169,876 | 131,870 |
| | 169,876 | 131,870 |

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

14. CREDITORS:
Amounts falling due after more than one year

| | 2016 £ | 2015 £ |
|-----------------|-----------|-----------|
| Trade creditors | 75,000 | - |
| | 75,000 | - |

15. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/(losses) £ | Carried forward £ |
|-------------------------------------|----------------------|-------------|-------------------------|-----------------------|---------------------|----------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 1,380,765 | 603,066 | (610,752) | - | - | 1,373,079 |
| | 1,380,765 | 603,066 | (610,752) | - | - | 1,373,079 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 141,881 | 6,762,666 | (6,770,553) | (133,994) | - | - |
| Other government grants | - | 36,785 | (36,785) | - | - | - |
| SEN funding | - | 25,587 | (25,587) | - | - | - |
| Pupil Premium funding | 6,849 | 202,422 | (209,271) | - | - | - |
| Educational visits | - | 261,480 | (261,480) | - | - | - |
| Pension reserve | (1,575,000) | - | (83,000) | - | (1,045,000) | (2,703,000) |
| | (1,426,270) | 7,288,940 | (7,386,676) | (133,994) | (1,045,000) | (2,703,000) |
| | (1,426,270) | 7,288,940 | (7,386,676) | (133,994) | (1,045,000) | (2,703,000) |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed assets | 11,386,878 | - | (590,101) | 162,485 | - | 10,959,262 |
| DFC | - | 28,491 | - | (28,491) | - | - |
| CIF | - | 449,129 | (449,129) | - | - | - |
| | 11,386,878 | 477,620 | (1,039,230) | 133,994 | - | 10,959,262 |
| Total restricted funds | 9,960,608 | 7,766,560 | (8,425,906) | - | (1,045,000) | 8,256,262 |
| Total of funds | 11,341,373 | 8,369,626 | (9,036,658) | - | (1,045,000) | 9,629,341 |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. STATEMENT OF FUNDS (continued)

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.

Special Educational Needs (SEN)

This represents allocated funding for special educational needs pupils

Pupil premium

This funding is to be used to raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

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.

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. The transfer of £162,485 represents the cost of acquired tangible assets funded through other grants and GAG.

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 EFA towards the improvement of the windows and roof.

General Annual Grant (GAG)

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 10,948,378 | 10,948,378 | 11,377,876 |
| Current assets | 1,373,079 | 1,237,261 | 10,884 | 2,621,224 | 2,157,554 |
| Creditors due within one year | - | (1,162,261) | - | (1,162,261) | (619,056) |
| Creditors due in more than one year | - | (75,000) | - | (75,000) | - |
| Provisions for liabilities and charges | - | (2,703,000) | - | (2,703,000) | (1,575,000) |
| | <u>1,373,079</u> | <u>(2,703,000)</u> | <u>10,959,262</u> | <u>9,629,341</u> | <u>11,341,373</u> |

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

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (667,032) | (541,723) |
| Adjustment for: | | |
| Depreciation charges | 588,902 | 585,868 |
| Interest received | (4,732) | (5,891) |
| Loss on the sale of fixed assets | 3,081 | 4,105 |
| (Increase)/decrease in debtors | (135,092) | 233,172 |
| Increase in creditors | 618,260 | 59,129 |
| Pension adjustment | 83,000 | 79,000 |
| Net cash provided by operating activities | <u>486,387</u> | <u>413,660</u> |

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|------------------|------------------|
| Cash in hand | 2,292,065 | 1,963,431 |
| Total | <u>2,292,065</u> | <u>1,963,431</u> |

19. MEMBERS' LIABILITY

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/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.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

20. 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 2013.

Contributions amounting to £102,973 were payable to the schemes at 31 August 2016 (2015 - 90,632) 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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; 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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £562,209 (2015 - £469,372).

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).

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

20. 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 2016 was £334,000 (2015 - £320,000), of which employer's contributions totalled £266,000 (2015 - £255,000) and employees' contributions totalled £68,000 (2015 - £65,000). 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):

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.00 % | 3.70 % |
| Rate of increase in salaries | 3.60 % | 4.00 % |
| Rate of increase for pensions in payment / inflation | 2.10 % | 2.60 % |

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

| | 2016 | 2015 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.3 | 22.3 |
| Females | 24.5 | 24.5 |
| Retiring in 20 years | | |
| Males | 24.3 | 24.3 |
| Females | 26.7 | 26.7 |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Equities | 152,000 | 147,000 |
| Bonds | 67,000 | 64,000 |
| Property | 17,000 | 17,000 |
| Cash | 5,000 | 10,000 |
| Total market value of assets | <u>241,000</u> | <u>238,000</u> |

The actual return on scheme assets was £344,000 (2015 - £87,000).

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

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (291,000) | (279,000) |
| Net interest cost | (58,000) | (55,000) |
| Total | <u>(349,000)</u> | <u>(334,000)</u> |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

20. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 3,625,000 | 3,204,000 |
| Current service cost | 291,000 | 279,000 |
| Interest cost | 139,000 | 123,000 |
| Contributions by employees | 68,000 | 65,000 |
| Actuarial losses | 1,308,000 | 33,000 |
| Benefits paid | (74,000) | (79,000) |
| | <u>5,357,000</u> | <u>3,625,000</u> |

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

| | 2016 £ | 2015 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 2,050,000 | 1,722,000 |
| Interest income | 81,000 | 68,000 |
| Actuarial gains and (losses) | 263,000 | 19,000 |
| Contributions by employer | 266,000 | 255,000 |
| Contributions by employees | 68,000 | 65,000 |
| Benefits paid | (74,000) | (79,000) |
| | <u>2,654,000</u> | <u>2,050,000</u> |

21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2016 £ | 2015 £ |
|-------------------------|---------------|---------------|
| Amounts payable: | | |
| Within 1 year | 20,552 | 41,522 |
| Between 1 and 5 years | 25,131 | 33,840 |
| | <u>45,683</u> | <u>75,362</u> |

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. AGENCY ARRANGEMENTS

The Academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the Trust received £12,981 and disbursed £12,029 from the fund. An amount of £13,187 is included in creditors relating to undistributed funds that is repayable to the EFA.

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 the trust 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 spouse of the Accounting Officer is employed by the Academy on a contract approved by Trustees whose remuneration is in line with the standard pay scales for the role undertaken and their employment contract is subject to normal terms and conditions.

Alan Hazell, a governor of the Academy, is a Trustee of Bishop's Stortford Community Football Club. During the year ended 31 August 2016, income totaling £41,293 (2015: £36,585) was received from Bishop's Stortford Community Football Club for the use of the Academy's facilities. As at 31 August 2016 an amount of £Nil (2015: £1,832) remained outstanding from the football club.

Alan Hazell, is also a director of Bishop's Stortford Football Club. During the year ended 31 August 2016, purchases totalling £28,959 (2015: £25,920) were paid to Bishop's Stortford Football Club for provision of football coaches. As at 31 August 2016 an amount of £2,160 (2015: £2,160) was due to the football club.

There were no other related party transactions in the year.

24. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.